



1st Quarter of Fiscal Year ending March 2023
Consolidated Financial Results

August 4, 2022



DAICEL CORPORATION

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Note:

We have reviewed the method of allocating corporate expenses from FY2023/3 in order to shift to a system in which each business unit bears responsibility for its own expenses and manages them accordingly.

Unless otherwise noted, operating income by segment for FY2022/3 in this document is the figure after reviewing the corporate expense allocation method.



Highlights

◇ 2023/3 1st Quarter (Apr. to Jun.) Financial Results

Net Sales: 128.0 billion yen Operating Profit: 13.0 billion yen

<Y on Y>

- Net sales increased because of aggressive efforts to correct prices corresponding to rising raw material prices and the effects of foreign exchange rates, although the sales volume of some products decreased because of the impact of the lockdown in China and the curtailment of auto production due to a shortage of components such as semiconductors.
- Operating profit decreased because of rising raw materials, fuel and distribution costs as well as the impact of the lockdown in China, despite some effects of foreign exchange rates.

<vs Forecasts>

- Net sales fell slightly less than the plan because of the impact of the lockdown in China mainly, despite the sales expansion of some products and the effects of foreign exchange rates.
- Operating profit exceeded the plan because of the sales expansion of some products and the effect of the depreciation of the yen more than expected, despite the effect of rising raw material, fuel and distribution costs.

Trends in Market

Segment	Main Product	Main Market	Results of FY2023/3 1Q
Medical Healthcare	Raw Material for Cosmetics and Health Food	Cosmetics Healthcare	The demand for cosmetics remained weak due to the lockdown in the main market, China. The domestic health food market remained strong.
	Chiral Columns	Life Science	As for chiral columns and stationary phases, the Chinese market was affected by the lockdown in the first half of the first quarter, but demand recovered rapidly after the lockdown was lifted. The demand in other regions such as India also remained strong.
Smart	TAC(*), High-Performance Films, Resist Materials and Solvents for Electronic Materials	Electronic Devices Semiconductor	The demand for LCD panels has been sluggish due to adjustments made after the increase in production because of the end of peak recovery in demand from Covid-19 in the previous fiscal year. The semiconductor market continues to grow against the backdrop of strong demand from the previous year.
Safety	Inflators for Air Bag	Automotive	Automobile production remains sluggish due to a shortage of semiconductors, the lockdown in China and other factors.

*TAC (Tri-acetyl cellulose) : Tri-acetate cellulose(TAC) for optical films



Trends in Market

Segment	Main Product	Main Market	Results of FY2023/3 1Q
Material	Acetyl (Acetic Acid, Acetic Acid Derivatives and Acetate Tow)	Raw Materials for Resins and Inks, Solvents for Paints	<p>The demand for vinyl acetate and PTA remained strong. On the other hand, the acetic acid market was on a downward trend partly due to the recovery in supply.</p> <p>The demand for ethyl acetate also remained strong for various applications, including gravure inks. However, the market condition was affected by the decline in the acetic acid market.</p>
		Fiber Filter	<p>The global market of filter industry, which is the main user of acetate tow, remained strong in the Asian region.</p>
	Chemical (Epoxy, Caprolactone Derivatives and Other Chemical Products)	Raw Materials for Electrical Materials and Coatings	<p>The automotive market, which is one of the main markets for epoxy and caprolactone derivatives, was weak due to the lockdown in China. In contrast, the semiconductor market, which is another main market of these products remained strong.</p>
Engineering Plastic	POM PBT PPS	Automobile Component	<p>The demand for Automobile Components was sluggish due to curtailment of auto production and the lockdown in China.</p>
		Electricity, Electronic devices and precision machines	<p>The production of electronic devices such as smartphones and PCs, and consumer electronics was weak due to the lockdown in China and declining demand resulting from consumer purchasing reluctance against the background of unstable social conditions.</p>
	LCP	Electronic Devices	<p>Smartphone production declined due to the impact of lockdown in China and declining demand because of consumer purchasing reluctance against the background of unstable social conditions.</p>

Financial Results

(billion yen)

	22/3 1Q Results	23/3 1Q Results	Y on Y	
			Change	%
Net sales	111.4	128.0	+16.6	+14.9%
Operating income	13.9	13.0	-1.0	-6.8%
Ordinary income	15.2	15.4	+0.2	+1.4%
Income attributable to owners of parent	12.3	8.9	-3.4	-27.5%
Exchange rate USD/JPY	110	130		
EBITDA	20.2	19.6		

- Although some products have been affected by the lockdown in China and the curtailment of auto production due to a shortage of manufacturing parts such as semiconductors, net sales increased in all segments owing to the sales expansion of products, aggressive efforts to correct prices corresponding to rising raw material and fuel prices, and effects of foreign exchange rates.
- Operating income of Medical/Healthcare and Material segments increased. In contrast, that of Smart, Safety and Engineering Plastics segments decreased due to the rising raw material, fuel and distribution costs and the impact of the lockdown in China.
- Income attributable to owners of the parent decreased because of the business liquidation loss due to the dissolution of Safety's Korean base and an increase in income taxes.

Net Sales and Operating Income by Segment (Y on Y Analysis)

(billion yen)

Net Sales	22/3 1Q Results	23/3 1Q Results	Change	%	Analysis		
					Quantity	Prices	Exchange Rate Impact
Medical / Healthcare	4.8	5.4	+0.6	+13.1%	-0.1	+0.7	+0.6
Smart	8.0	9.6	+1.6	+19.7%	+0.7	+0.8	+0.4
Safety	16.3	17.8	+1.5	+9.4%	+0.2	+1.3	+1.3
Materials	28.3	34.7	+6.4	+22.5%	+0.5	+5.9	+4.0
Engineering Plastics	51.5	58.7	+7.3	+14.1%	-3.6	+10.9	+5.3
Others	2.6	1.8	-0.7	-29.3%	-0.7	-	-
Total	111.4	128.0	+16.6	+14.9%	-3.0	+19.6	+11.4

Operating Income	22/3 1Q Results	23/3 1Q Results	Change	%	Analysis			
					Quantity	Prices	Exchange Rate Impact	Others
Medical / Healthcare	0.6	0.7	+0.1	+17.5%	+0.1	+0.2	+0.2	-0.1
Smart	1.5	1.1	-0.4	-24.1%	+0.1	-0.2	+0.1	-0.3
Safety	-0.0	-0.4	-0.3	-	+0.5	-0.3	+0.2	-0.6
Materials	4.4	4.9	+0.5	+11.0%	+1.5	+0.7	+1.6	-1.8
Engineering Plastics	7.1	6.6	-0.6	-8.1%	-1.9	+4.6	+1.8	-3.3
Others	0.4	0.1	-0.3	-72.7%	-0.3	-	-	-
Total	13.9	13.0	-1.0	-6.8%	+0.1	+5.0	+4.0	-6.0

*Exchange rate impact is included in price impact.

Operating Income by Segment (Y on Y Analysis)

(billion yen)

	Analysis	Operating Income	Factors for Operating Income Changes
Medical / Healthcare	Quantity	+0.1	(Increase) Increase in sales volume of Chiral columns and Equol.
	Prices	+0.2	(Increase) Exchange rate fluctuation
	Others	-0.1	(Decrease) Cost increases
Smart	Quantity	+0.1	(Increase) Increase in sales volume of High-Performance Film and other products
	Prices	-0.2	(Decrease) Raw material price increase
	Others	-0.3	(Decrease) Cost increases
Safety	Quantity	+0.5	(Increase) Increase in sales volume and capacity utilization
	Prices	-0.3	(Decrease) Raw material price increase
	Others	-0.6	(Decrease) Cost increases
Materials	Quantity	+1.5	(Increase) Increase in sales volume of Acetate tow, Lactone, and epoxy Increase capacity utilization
	Prices	+0.7	(Increase) Exchange rate fluctuation
	Others	-1.8	(Decrease) Increase in direct selling expenses and other expenses
Engineering Plastics	Quantity	-1.9	(Decrease) Decrease in sales volume due to the lockdown in China
	Prices	+4.6	(Increase) Sales price increase due to rising cost and Exchange rate fluctuation
	Others	-3.3	(Decrease) Increase in direct selling expenses and other expenses, Inventory prices

Segment Information – Results of 1st Quarter (Apr. to Jun.)

<Y on Y>

Medical / Healthcare	<ul style="list-style-type: none"> • Sales revenue of the cosmetics business decreased because of a decline in sales volume due to the impact of the lockdown in China. • Sales revenue of chiral-related products increased due to strong sales of chiral columns and packing materials to overseas markets and growth in sales of genetic analysis-related products, despite the impact of the lockdown in China.
Smart	<ul style="list-style-type: none"> • Sales revenue of cellulose acetate for LCD (TAC) decreased due to a decline in sales volume because of production adjustments by panel makers. • Sales revenue of high-performance films increased because of an increase in sales volume due to growth in high-performance display applications for TVs and sales expansion for in-vehicle display applications. • Sales revenue of solvents for electronic materials increased due to strong demand in the semiconductor materials market and aggressive efforts to correct prices corresponding to rising raw material prices, despite the impact of production adjustments in the LCD panel market. • Sales revenue of resist materials increased due to sales expansion for the semiconductor material applications despite a decline in sales volume of LCD panel material applications.

Segment Information – Results of 1st Quarter (Apr. to Jun.)

<Y on Y>

Safety	<ul style="list-style-type: none"> Sales revenue of inflators rose because of an increase in sales volume compared with the same period of the previous fiscal year when automobile production was on a recovery trend from Covid-19, although it was affected by the lockdown in China this fiscal year.
Materials	<ul style="list-style-type: none"> Acetic acid market prices were decreasing because the supply of acetic acid has been recovering Acetate tow sales revenue increased due to the increases in sales volume because of securing inventory by customers due to a logistics disruption, in addition to a change in accounting standards, as well as effects of foreign exchange rate. Sales revenue of caprolactone derivatives increased due to sales expansion of applications for polyurethane and aggressive efforts to correct prices corresponding to rising raw material prices. Sales revenue of epoxy compounds also increased due to an increase in sales volume because of sales expansion for semiconductor material applications and applications for FRP in addition to aggressive efforts to correct prices corresponding to rising raw material price.
Engineering Plastics	<ul style="list-style-type: none"> Sales volume of Engineering Plastics decreased due to the impact of lockdown in China, however sales revenue increased due to aggressive efforts to correct prices corresponding to rising raw material and fuel and distribution costs and the impact of exchange rates.

Progression Rate to the Full-year Forecasts*

(billion yen)

Statements of Income	23/3 1Q Results	23/3 Forecasts (Full Year)	Progression Rate (%)	Net Sales and Operating Income by Segment	Net sales			Operating income		
					23/3 1Q Results	23/3 Forecasts (Full Year)	Progression Rate (%)	23/3 1Q Results	23/3 Forecasts (Full Year)	Progression Rate (%)
Net sales	128.0	540.0	23.7%							
Operating income	13.0	46.5	27.9%	Medical / Healthcare	5.4	24.0	22.6%	0.7	2.5	26.9%
Ordinary income	15.4	48.5	31.8%	Smart	9.6	39.0	24.5%	1.1	4.1	27.8%
Income attributable to owners of parent	8.9	37.0	24.1%	Safety	17.8	86.0	20.7%	-0.4	5.2	-6.9%
Exchange rate USD/JPY	130	115		Materials	34.7	135.0	25.7%	4.9	9.2	52.9%
				Engineering Plastics	58.7	247.0	23.8%	6.6	25.0	26.3%
				Others	1.8	9.0	20.1%	0.1	0.5	20.4%
EBITDA	19.6	76.6	25.6%	Total	128.0	540.0	23.7%	13.0	46.5	27.9%

- The progress in net sales and operating profit of Material segment exceeded the plan. The reason is that the trend in acetic acid market conditions changed in excess of our assumption of it. The other reasons are the sales expansion of some products, aggressive efforts to correct prices and the effects of foreign exchange rates.
- The progress in net sales and operating profit of Safety segment fell below the plan. This is because the lockdown in China had a tremendous impact on this segment. Similarly, the Engineering Plastics segment has been greatly affected by the lockdown in China, thus the net sales of it fell below the plan. Despite this, the progress in operating profit exceeded the plan owing to aggressive efforts to correct prices and the effects of foreign exchange rates.
- The progress in net sales and operating profit of Medical/ Healthcare and Smart segments is just as planned.

Note: Forecast is not revised from the previous forecast announced on May 11, 2022.

Segment Information – Progress Status of FY2023/3 Plan

Medical / Healthcare

<Results of 1st Quarter (Apr. to Jun.) >

- Sales revenue of cosmetic raw materials (1,3-BG) fell below the plan because of decreases in sales volume due to a front-loading of sales in 4th quarter of FY2022/3 and the impact of the lockdown in China.
- Sales revenue of chiral-related products exceeded the plan due to strong sales of chiral columns and packing materials to overseas markets and growth in sales of genetic analysis-related products, despite the impact of the lockdown in China.

<Next actions>

- In the cosmetics business, we will expand our supply capacity by operating a new cosmetics raw materials (1,3-BG) plant and work to expand sales in overseas markets as well as to develop new major manufacturers. In addition, we will make an effort to work on cost reductions such as direct sales cost reductions through optimizing commercial distribution and logistics, and sales prices corrections corresponding to the rising raw material and fuel costs.
- In the chiral-related products, we will work to further expand sales by expanding capacity against the backdrop of robust demand. In addition, we aim to further expand the business of genetic analysis-related products through enhancing marketing and working on new product development.

Segment Information – Progress Status of FY2023/3 Plan

Smart

<Results of 1st Quarter (Apr. to Jun.) >

- Sales revenue of Tri-acetate cellulose(TAC) for optical films were in line with the plan because the impact of the production adjustments of some panel manufacturers was within expectations.
- Sales revenue of high-performance films exceeded the plan because high-performance display applications for TVs and in-vehicle display applications remained strong.
- Sales revenue of solvents for electronic materials were in line with the plan because of the aggressive efforts to correct prices corresponding to rising raw material prices, although sales volume fell below the plan due mainly to a decline in LCD panel materials applications.
- Sales volume of resist materials also fell below the plan due to a decline in LCD panel material applications. However, sales revenues were almost as planned, because of a favorable product mix.

Segment Information – Progress Status of FY2023/3 Plan

Smart

<Next actions>

- In Tri-acetate cellulose(TAC) for optical films, we will make an effort to steadily expand our market share through taking advantage of handling wood pulp as a raw material and improving the quality to further strengthen our competitiveness.
- In high-performance films, we will work to expand sales of high-performance display applications for TVs and in-vehicle display applications, which are our strength, and further grow this business through creating synergies with the coating business that we will acquire in the second half.
- In solvents for electronic materials, we will work to further expand sales for semiconductor applications through increasing production capacity, and work to aggressively correct prices corresponding to the rising raw material and fuel costs.
- In resist materials, we will work to expand sales for semiconductor applications and promote the development of products for EUV.

Safety

<Results of 1st Quarter (Apr. to Jun.) >

- Inflator sales revenue fell below the plan due mainly to the impact of the lockdown in China.

<Next actions>

- In addition to working to correct sales prices corresponding to rising raw materials and logistics costs, we will work to further improve productivity and reduce fixed costs in preparation for the rapid increase in automobile production from the second quarter.
- We will improve profit margins through steadily promoting business structural reforms such as consolidation of production bases which are scheduled to be completed at the end of this fiscal year.

Segment Information – Progress Status of FY2023/3 Plan

Materials

<Results of 1st Quarter (Apr. to Jun.) >

- Acetic acid market prices exceeded the expectations.
- Sales revenue of acetate tow exceeded the plan due to the strong demand in the Asia region and the effects of foreign exchange rates.
- Sales prices exceeded the plan for the entire segment due to aggressive price corrections corresponding to rising raw material, fuel and distribution costs.
- Sales revenue of caprolactone derivatives exceeded the plan due to strong sales in applications for polyurethane and aggressive efforts to correct prices corresponding to rising raw material prices.
- Sales revenue of epoxy compounds also exceeded the plan due to sales expansion in addition to strong efforts to correct prices corresponding to rising raw material prices.

<Next actions>

- Although market prices for acetic acid have declined compared to the previous fiscal year, we will make an effort to maintain current prices against the backdrop of higher raw material and fuel costs and the depreciation of the yen.
- As for other products, we will pass on the increase in raw material, fuel and distribution costs to sales prices.
- The demand for acetate tow is strong due to the growth of a heat-not-burn cigarettes market. In order to meet the increasing demand proactively, we will increase supply capacity by improving the productivity of the production line and maximizing the utilization of existing facilities.

Segment Information – Progress Status of FY2023/3 Plan

Engineering Plastics

<Results of 1st Quarter (Apr. to Jun.) >

- Sales revenue of Engineering Plastics fell below the plan due to lower sales volume compared with the plan from the effects of the lockdown in China.

<Next actions>

- Full-year sales volume is expected to be in line with initial forecast due to sales recovery.
- We raised the sales prices of products more than planned corresponding to the rise in raw material and fuel costs. We will consider raising the price again depending on the situation of raw material and fuel prices.
- We will thoroughly manage sales, production, and inventory to control distribution costs including air freight, and pass on the increase in distribution costs to sales prices, although direct selling expenses are on the rise due to rising sea freight rates from July onwards.
- We will accelerate cost reduction, improve equipment efficiency and stability, and increase supply capacity by developing Daicel Production Innovation method to Polyplastics manufacturing bases.

Consolidated Balance Sheet

(billion yen)

	Mar. 31, 2022	Jun. 30, 2022	Change
Total Current Assets	360.2	396.0	+35.7
Cash, Deposits and Short-term Investment Securities	90.5	101.6	+11.1
Notes and Accounts Receivable-trade	102.6	105.1	+2.5
Inventories	142.0	160.9	+18.9
Other	25.2	28.4	+3.2
Total Non-Current Assets	338.6	344.6	+6.0
Property, Plant and Equipment	229.8	235.1	+5.3
Intangible Fixed Assets	10.1	10.6	+0.5
Investments and Other Assets	98.7	99.0	+0.3
Total Assets	698.8	740.6	+41.8
Liabilities	419.3	441.9	+22.6
Interest-bearing Liabilities	283.6	303.2	+19.6
Other	135.7	138.7	+3.0
Total Net Assets	279.5	298.7	+19.1
Total Liabilities and Net Assets	698.8	740.6	+41.8

- Of the total asset increase of 41.8 billion yen, about 27 billion yen of total assets increased due to effects of foreign exchange.
- Inventories increased mainly due to the following factors.
 - The effects of foreign exchange rates and rising raw material and fuel prices
 - Temporarily increase in product inventory due to logistics failure resulting from the lockdown in China
 - Inventory build-up in line with the capital investment plan
- Short-term borrowing to meet increased working capital and funding needs in July.

REFERENCES

ESG Indices which Include Daicel (As of Aug. 2022)

- FTSE4Good Index Series*
- FTSE Blossom Japan Index*
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index
- S&P/JPX Carbon Efficient Index



FTSE4Good



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



* Newly selected in FY2023/3.

Assessments / Domestic Certifications (As of Aug. 2022)

- Silver Medal in EcoVadis Sustainability Assessment
- Highest-level "Class 3 Eruboshi" accreditation (received from Japan's Minister of Health, Labor and Welfare based on the Act on Promotion of Women's Participation and Advancement in the Workplace)
- Health & Productivity: White 500



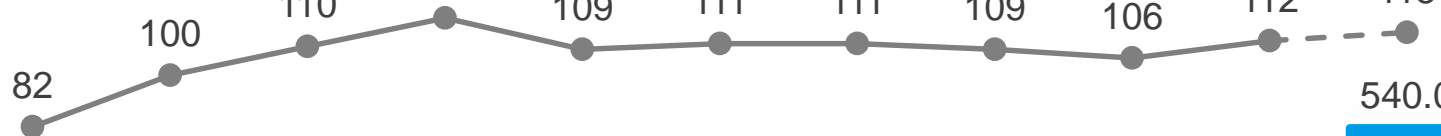
2022
健康経営優良法人
Health and productivity
ホワイト500

Trends in Net Sales, Operating Income, and EPS

● Methanol(Asian spot price) (USD / ton)



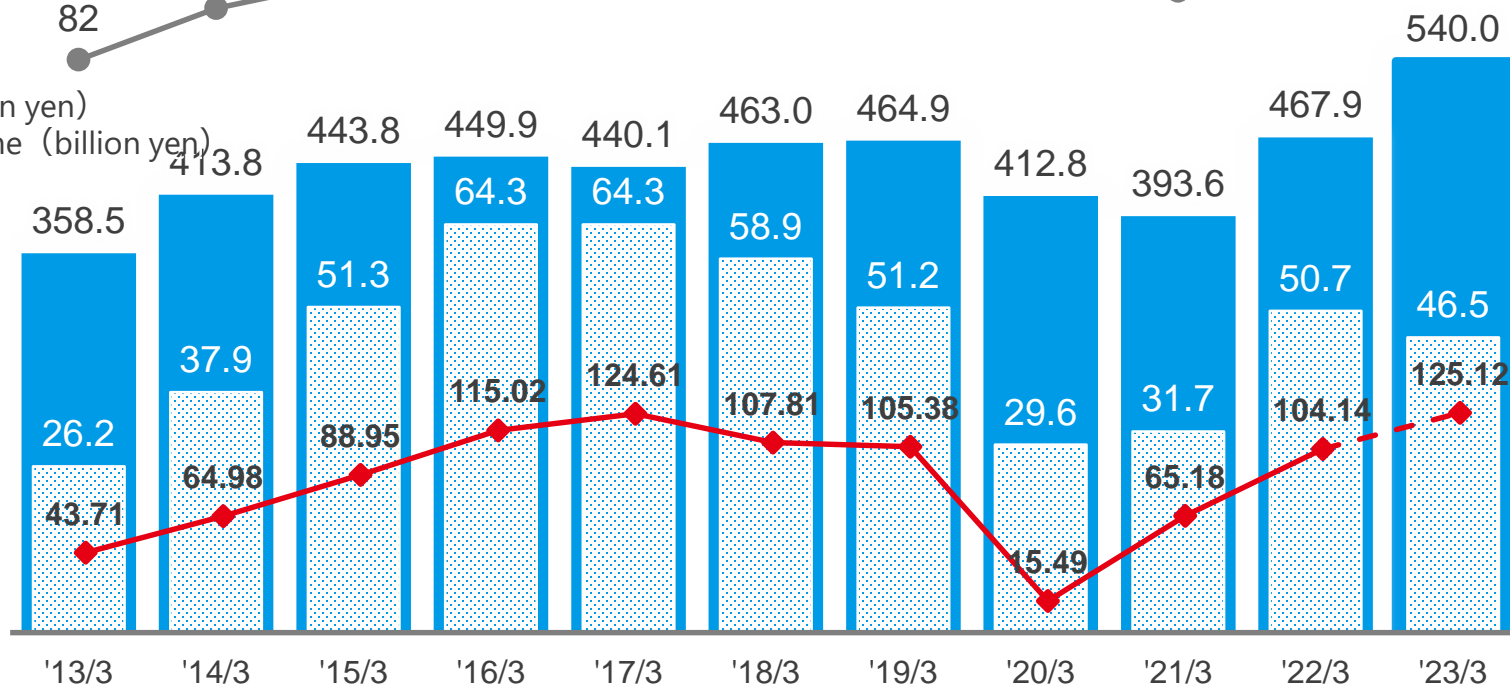
● Exchange Rate(USD/JPY)



■ Net Sales (billion yen)

▨ Operating Income (billion yen)

◆ EPS (yen)



Note: Forecast is not revised from the previous forecast announced on May 11, 2022.

1st Quarter (Apr. to Jun.) of Fiscal Year ending March 2023 Consolidated Financial Results

Forecasts

Quarterly Results for Sales and Operating Income

(billion yen)

Net Sales	2022/3				2023/3
	1Q	2Q	3Q	4Q	1Q
Medical / Healthcare	4.8	4.8	5.0	4.9	5.4
Smart	8.0	7.5	8.6	8.5	9.6
Safety	16.3	15.6	18.5	19.1	17.8
Materials	28.3	29.8	31.2	33.6	34.7
Engineering Plastics	51.5	52.9	52.4	55.5	58.7
Others	2.6	2.8	2.6	3.4	1.8
Total	111.4	113.5	118.2	125.0	128.0

Operating income	2022/3				2023/3
	1Q	2Q	3Q	4Q	1Q
Medical / Healthcare	0.6	0.8	0.5	0.6	0.7
Smart	1.5	1.1	1.1	0.4	1.1
Safety	-0.0	1.1	1.3	0.2	-0.4
Materials	4.4	4.2	5.3	4.4	4.9
Engineering Plastics	7.1	6.0	3.6	5.4	6.6
Others	0.4	0.1	0.3	0.5	0.1
Total	13.9	13.3	12.0	11.4	13.0

Financial Forecast (FY ending March 2023)

(billion yen)

		2022/3 Results			2023/3 Forecasts			Change (B)-(A)
		1 st Half	2 nd Half	Total(A)	1 st Half	2 nd Half	Total(B)	
	Medical / Healthcare	9.6	9.9	19.5	11.5	12.5	24.0	+4.5
	Smart	15.4	17.0	32.5	19.0	20.0	39.0	+6.5
	Safety	31.9	37.6	69.5	42.0	44.0	86.0	+16.5
	Materials	58.0	64.8	122.8	66.5	68.5	135.0	+12.2
	Engineering Plastics	104.4	107.9	212.3	123.0	124.0	247.0	+34.7
	Others	5.4	6.0	11.4	4.0	5.0	9.0	-2.4
Net sales		224.8	243.1	467.9	266.0	274.0	540.0	+72.1
	Medical / Healthcare	1.4	1.0	2.4	1.5	1.0	2.5	+0.1
	Smart	2.6	1.5	4.0	1.8	2.3	4.1	+0.1
	Safety	1.1	1.5	2.6	2.3	2.9	5.2	+2.6
	Materials	8.6	9.7	18.3	5.8	3.4	9.2	-9.1
	Engineering Plastics	13.2	9.0	22.1	11.3	13.7	25.0	+2.9
	Others	0.5	0.7	1.2	0.3	0.2	0.5	-0.7
Operating income		27.3	23.4	50.7	23.0	23.5	46.5	-4.2
Ordinary income		29.8	27.5	57.3	24.0	24.5	48.5	-8.8
Income attributable to owners of parent		22.0	9.2	31.3	18.5	18.5	37.0	+5.7
(ref.) Exchange rate USD/JPY		110	115	112	115	115	115	

Note: Forecast is not revised from the previous forecast announced on May 11, 2022.

Assumptions

		2022/3		2023/3		2023/3
		1 st Half (Results)	2 nd Half (Results)	1 st Half (Forecasts)	2 nd Half (Forecasts)	1 st Quarter (Results)
Exchange rate (USD/JPY)		110	115	115	115	130
Raw Materials	Methanol Asian spot price (USD/ton)	368	427	430	430	402
	Crude Oil Dubai (USD/bbl.)	70	87	100	100	108
	Domestic Naphtha (JPY/kl)	50,500	62,650	78,000	78,000	86,000

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