

This document is an English translation of a statement written originally in Japanese for reference. The Japanese original should be considered as the primary version.

February 2, 2022

To Whom It May Concern

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**Notice Regarding Recognition of Extraordinary Losses and Revision to Consolidated Financial Forecast for Fiscal Year ending March 31, 2022**

DAICEL CORPORATION (The “Company”) hereby announces that the company recognized the extraordinary losses in the nine months ended December 31, 2021 and revised the Consolidated Financial Forecast for the Fiscal Year ending March 31, 2022. The details are as follows.

1. Reason for Extraordinary Losses

Aiming to improve ROIC as stated in our mid-term management strategy, the Company has diligently worked on reducing those business assets with lower performance.

In our Medical & Healthcare business, due to the deterioration of the product market environment resulting from COVID-19, there has been a decline in profitability of the new cosmetics ingredient plant. The Company decided to reduce the book value to the recoverable amount and record the reduced figure as an impairment loss on this fixed asset. Furthermore, concerning Lomapharm GmbH, a Contract Development and Manufacturing Organization (CDMO), the Company’s Consolidated subsidiary, the Company recorded the goodwill at the time of stock acquisition, but decided that it would be difficult to recover the investment amount due to a decline in this business profitability and recorded the entire amount of the unamortized balance as an impairment loss on goodwill.

Consequently, the Company recognized a total of ¥ 9,778 Million in Extraordinary Losses in the nine months ended December 31, 2021

2. Revision of consolidated financial forecast for full fiscal year ending March 31, 2022  
(from April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Net Sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Profit per share (yen)
Previous forecast: (A) (November 3, 2021)	448,000	38,000	42,000	24,000	79.55
Newly revised forecast: (B)	462,000	49,500	53,500	29,000	97.05
Change: (B)–(A)	+14,000	+11,500	+11,500	+5,000	—
Rate of change (%)	+3.1%	+30.3%	+27.4%	+20.8%	—
(Ref.) Actual result of fiscal year ended March 31, 2021	393,568	31,723	34,683	19,713	65.18

3. Reason for the revision

During the consolidated third quarter of the current fiscal year under review, although selling expenses increased due to a global shortage of containers and rising fuel costs caused by the spread of COVID-19, increased sales volume, a rising acetic acid market, correction of selling prices by rising raw material and fuel prices and promotion of business structural reforms contributed to the increase in profits. As a result, our consolidated operating results have exceeded targets beyond our expectations.

Under the circumstances of the upturn in procurement prices for raw materials and fuel prices and the semiconductor shortage, there is some uncertainty in the outlook for our business environment in the fourth quarter. Nevertheless, based on the business results for the consolidated third quarter of the current fiscal year, forecasts of demand and product market conditions, and revised assumptions concerning procurement prices for raw materials and fuel prices, the Company has revised its consolidated earnings forecasts upward for the full fiscal year ending March 31, 2022 announced on November 5, 2021, as described above. Regarding the extraordinary losses (impairment losses) recorded in the third quarter of the current fiscal year, the estimated value is included in the earnings forecast previously announced.

(Note 1) The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, may be substantially different from the actual performance because of various factors that may arise from now on.

(Note 2) In these forecasts in the fourth quarter, we assume an exchange rate of ¥115/US dollar, (Asian spot) methanol price of US\$450/ton, Dubai crude oil price of US\$75/bbl and domestic naphtha price of ¥56,000/kl.

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