



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

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DAICEL CORPORATION

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## Highlights



### FY2023/3 1H Financial Results

- **Sales Revenue: 266.2 billion yen, Operating Profit: 26.0 billion yen. EBITDA: 40.3 billion yen**
- The sales revenue and profit beyond the forecasts announced in May 2022.
- The sales revenue and profit exceeded the forecasts due to increases in sales prices, thorough cost reduction, and effects of foreign exchanges, despite the impact of changes in the business environment, such as reduced automobile production, lower demand for electronic devices, and higher raw material, fuel, and logistics costs.



### FY2023/3 Forecasts

- **Sales Revenue: 579.0 billion yen, Operating Profit: 54.0 billion yen. EBITDA: 86.0 billion yen**
- The market environment for automobiles and electronic devices is expected to remain unpredictable in the second half. However, the earnings are expected to exceed the forecasts announced in May 2022 due to sales expansion in materials, aggressive sales price increases, and the impact of exchange rates. Sales revenue are expected to reach record highs.



### Shareholder Return

- Interim dividends : 18 yen per share (as expected)
- Revised year-end dividends forecasts (Increase by 2 yen from the previous forecasts)  
(Year-end dividends forecasts : 20 yen per share, Annual : 38 yen per share)
- Decided to purchase treasury stock of 10 billion yen for 12 million shares (From Nov. 2022 to Mar. 2023).



## Trend in Market

Segment	Main Product	Main Market	Results of 2023/3 1H	Outlook for 2023/3 2H
Medical / Healthcare	<b>Raw Material for Cosmetics and Health Food</b>	<b>Cosmetics Healthcare</b>	<p>The domestic cosmetics market were recovery at a slow space than expected, but the trend of recovery has continued. The Chinese market remained weak due to the lockdown in China.</p> <p>The domestic health food market remained strong.</p>	<p>The domestic cosmetics market is expected to be on a gradual recovery trend, although it is lagging behind initial expectations. Demand is expected to recover in the Chinese market due to factors such as Double 11 (single's day in China).</p> <p>The domestic market of health food is expected to be kept solid.</p>
	<b>Chiral Columns</b>	<b>Life Science</b>	Demand for chiral columns and stationary phases was growing steadily overseas, including in China and India.	Demand for chiral columns is expected to remain strong due to growth in China and India.
Smart	<b>TAC(*), High Performance Films, Resist Materials and Solvents for Electronic Materials</b>	<b>Electronic Devices Semiconductor</b>	<p>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 decline in demand was larger than expected.</p> <p>The semiconductor market has shown a slowdown in growth, but remained steady.</p>	<p>The LCD panel inventory is expected to become normal toward the end of the fiscal year. But demand for LCD panels is below initial forecasts, and negative growth is expected this fiscal year.</p> <p>The semiconductor market is expected to remain strong despite slowing growth.</p>
Safety	<b>Inflator for Air Bag</b>	<b>Automotive</b>	Although the number of production in automotive recovered from the lockdown in China in the second quarter, it remained at a level lower than the initial forecast.	Full-year production in automotive is expected to fall below the initial forecast, even though there will be a movement to recover from the production cut in the first half of the year.

\*TAC (Tri-acetyl cellulose) : Acetic Acid cellulose for LCD film use


**Trend in Market**

Segment	Main Product	Main Market	Results of 2023/3 1H	Outlook for 2023/3 2H
<b>Material</b>	<b>Acetyl</b> (Acetic Acid, Acetic Acid Derivatives and Acetate Tow)	<b>Raw Materials for Resins and Inks, Solvents for Paints</b>	The demand for PTA, one of main applications of acetic acid, declined from the second quarter. The acetic acid market was on a downward trend partly due to the recovery in supply. The demand for ethyl acetate for LCD applications was declining, but demand for ink for food packaging remained strong. The market condition was affected by the decline in the acetic acid market.	The demand for PTA is expected to continue to decline. We do not anticipate major fluctuations in the acetic acid market and expect it to remain weak. The demand trends for ethyl acetate are also expected to continue in the 1H trend.
		<b>Fiber Filter</b>	Worldwide cigarette production is at the same level as the previous year. The demand for acetate tow remained firm due to increased demand for heat-not-burn cigarettes.	The demand trends for acetate tow are expected to continue in the 1H trend.
	<b>Chemical</b> Epoxy, Caprolactone Derivatives and Other Chemical Products)	<b>Raw Materials for Electrical Materials and Coatings</b>	For caprolactone derivatives, the demand of application for polyurethane remained steadily. For the epoxy compounds, the demand for LCD, one of the main applications decreased. On the other hand, the demand of applications for silane coupling agent for FRP and OLED encapsulant remained strong.	The demand trends for caprolactone derivatives and epoxy compounds are expected to continue in the 1H trend



## Trend in Market

Segment	Main Product	Main Market	Results of 2023/3 1H	Outlook for 2023/3 2H
Engineering Plastic	POM PBT PPS	Automobile Component	The demand for automobile components was sluggish due to curtailment of auto production because of the shortage of semiconductor and the lockdown in China, as well as inventory reductions by component manufacturers.	The demand for automobile components is expected to fall below the initial forecast, even though there will be a movement to recover from the cutback in automobile production in the first half of the year.
		Electricity, Electronic Devices and Precision Machines	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.	The production of electronic devices such as smartphones and personal computers, as well as home appliances, is expected to remain sluggish due to the continued decline in personal consumption.
	LCP	Electronic Devices	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.	The production of electronic devices such as smartphones is expected to remain sluggish due to the continued decline in personal consumption.

## Financial Results

(billion yen)

	22/3 1H Results	23/3 1H Forecasts*	23/3 1H Results	Y on Y		vs Forecasts	
				Change	%	Change	%
Net Sales	224.8	266.0	266.2	+41.4	+18.4%	+0.2	+0.1%
Operating Income	27.3	23.0	26.0	-1.2	-4.5%	+3.0	+13.2%
Ordinary Income	29.8	24.0	30.2	+0.4	+1.4%	+6.2	+26.0%
Income Attributable to Owners of Parent	22.0	18.5	22.2	+0.2	+0.7%	+3.7	+20.1%
Exchange Rate USD/JPY	110	115	134				
<b>EBITDA</b>	<b>40.6</b>	<b>37.0</b>	<b>40.3</b>				

### <Y on Y>

- Sales revenue Increased due to company-wide efforts to revise sales prices corresponding to rising raw material, fuel prices and the effect of exchange rates, despite the impact of decreased automobile production because of the shortage of semiconductor and decreases in demand for electronic devices.
- Operating income decreased due to decreases in sales volume and the impact of rise in raw fuel and distribution costs, despite efforts to revise the sales prices and thorough cost reduction.
- Ordinary income increased due to currency-exchange gain.
- Extraordinary loss for business liquidation loss due to the dissolution of Safety's Korean base.

\* The forecasts were announced on May 11, 2022.

## Analysis of EBITDA Increase/Decrease for 1H (vs Forecast)

(billion yen)



- <Quantity> Decreases in sales volume mainly in Smart, Safety and Engineering Plastics due to the impact of lockdown in China, decreased automobile production because of the shortage of semiconductor and decreases in demand for electronic devices.
- <Prices> We strived to correct selling prices due to rising raw fuel and distribution costs, and the market prices for acetic acid in the first half exceeded our expectation.
- <Exchange Rate Impact> Foreign exchange assumptions Forecast: ¥ 115/US\$, Results: ¥ 134/US\$
- <Expense Variance and Others> Increases due mainly to thorough cost reduction and the impact of inventory prices, despite the increases in distribution cost.



## Net Sales and Operating Income by Segment

(billion yen)

Net Sales	22/3 1H Results	23/3 1H Forecasts*	23/3 1H Results	Y on Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	9.6	11.5	10.9	+1.3	+13.0%	-0.6	-5.3%
Smart	15.4	19.0	16.2	+0.7	+4.7%	-2.8	-14.9%
Safety	31.9	42.0	39.7	+7.8	+24.6%	-2.3	-5.4%
Materials	58.0	66.5	72.4	+14.3	+24.7%	+5.9	+8.8%
Engineering Plastics	104.4	123.0	123.6	+19.2	+18.4%	+0.6	+0.5%
Others	5.4	4.0	3.5	-1.9	-34.9%	-0.5	-12.1%
<b>Total</b>	<b>224.8</b>	<b>266.0</b>	<b>266.2</b>	<b>+41.4</b>	<b>+18.4%</b>	<b>+0.2</b>	<b>+0.1%</b>

Operating Income	22/3 1H Results	23/3 1H Forecasts*	23/3 1H Results	Y on Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	1.4	1.5	1.1	-0.3	-20.8%	-0.4	-26.3%
Smart	2.6	1.8	0.4	-2.2	-85.5%	-1.4	-79.3%
Safety	1.1	2.3	-0.4	-1.4	-	-2.7	-
Materials	8.6	5.8	10.3	+1.7	+20.2%	+4.5	+78.1%
Engineering Plastics	13.2	11.3	14.5	+1.3	+10.0%	+3.2	+28.0%
Others	0.5	0.3	0.1	-0.3	-74.4%	-0.2	-60.7%
<b>Total</b>	<b>27.3</b>	<b>23.0</b>	<b>26.0</b>	<b>-1.2</b>	<b>-4.5%</b>	<b>+3.0</b>	<b>+13.2%</b>

\* The forecasts were announced on May 11, 2022.

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

(billion yen)

Net Sales	22/3 1H Results	23/3 1H Results	Change	%	Analysis		
					Quantity	Prices	Exchange Rate Impact
Medical / Healthcare	9.6	10.9	+1.3	+13.0%	-0.3	+1.5	+1.3
Smart	15.4	16.2	+0.7	+4.7%	-0.5	+1.2	+0.6
Safety	31.9	39.7	+7.8	+24.6%	+4.3	+3.5	+3.5
Materials	58.0	72.4	+14.3	+24.7%	-1.1	+15.4	+9.9
Engineering Plastics	104.4	123.6	+19.2	+18.4%	-4.3	+23.4	+13.3
Others	5.4	3.5	-1.9	-34.9%	-1.9	-	-
Total	224.8	266.2	+41.4	+18.4%	-3.6	+45.1	+28.6

Operating Income	22/3 1H Results	23/3 1H Results	Change	%	Analysis			
					Quantity	Prices	Others	Exchange Rate Impact*
Medical / Healthcare	1.4	1.1	-0.3	-20.8%	+0.1	+0.4	-0.7	+0.6
Smart	2.6	0.4	-2.2	-85.5%	-0.4	-1.2	-0.6	-0.0
Safety	1.1	-0.4	-1.4	-	+1.5	-0.1	-2.9	+0.4
Materials	8.6	10.3	+1.7	+20.2%	+1.6	+0.0	+0.1	+4.2
Engineering Plastics	13.2	14.5	+1.3	+10.0%	-0.9	+7.8	-5.5	+4.1
Others	0.5	0.1	-0.3	-74.4%	-0.3	-	-	-
Total	27.3	26.0	-1.2	-4.5%	+1.4	+6.9	-9.6	+9.2

\*Exchange rate impact is included in prices and others.

## Operating Income by Segment (Y on Y Analysis)

(billion yen)

	Analysis	Operating Income	Main Factors for Operating Income Changes
Medical / Healthcare	Quantity	+0.1	(Increase) Increased operation rate (1,3-BG new plant started in August 2022)
	Prices	+0.4	(Increase) Exchange rate fluctuation
	Others	-0.7	(Decrease) Increase in depreciation and other expenses
Smart	Quantity	-0.4	(Decrease) Decrease in sales volume of TAC for optical films
	Prices	-1.2	(Decrease) Higher raw material prices
	Others	-0.6	(Decrease) Cost increases
Safety	Quantity	+1.5	(Increase) Increase in sales volume, and increased operation rate
	Prices	-0.1	(Decrease) Higher raw material prices
	Others	-2.9	(Decrease) Cost increases
Materials	Quantity	+1.6	(Increase) Increase in sales volume of Acetate tow and other products
	Prices	+0.0	(Increase) Effects of exchange rate fluctuation covered the impact of higher raw material prices
	Others	+0.1	(Increase) inventory prices
Engineering Plastics	Quantity	-0.9	(Decrease) Decrease in sales volume
	Prices	+7.8	(Increase) Sales price increase due to rising cost, and exchange rate fluctuation
	Others	-5.5	(Decrease) Increase in direct selling expenses, and inventory prices

## Segment Information – Results of 1st Half (Apr. to Sep.)

### <Y on Y>

Medical / Healthcare	<ul style="list-style-type: none"> <li>• Sales of cosmetic ingredients such as 1,3-BG decreased due to decreases in sales volume due to the impact of lockdown in China.</li> <li>• Sales revenue of chiral-related products increased because of increases in sales volume due to strong sales of chiral columns and stationary phases to overseas markets, and growth in sales of analytical services in India and genetic analysis-related products, as well as effects of foreign exchange rate.</li> </ul>
Smart	<ul style="list-style-type: none"> <li>• Sales revenue of cellulose acetate for LCD (TAC) decreased due to a decline in sales volume because of production adjustments by panel makers.</li> <li>• 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.</li> <li>• Sales revenue of solvents for electronic materials increased due to strong demand in the semiconductor materials market and aggressive efforts to revise prices corresponding to rising raw material prices, despite the impact of production adjustments in the LCD panel market.</li> <li>• 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.</li> </ul>
Safety	<ul style="list-style-type: none"> <li>• Sales revenue of inflators increased due to a gradual recovery in automobile production as well as the impact of exchange rates, despite the impact of the lockdown in China and semiconductor shortages.</li> </ul>

## Segment Information – Results of 1st Half (Apr. to Sep.)

<Y on Y>

Materials	<ul style="list-style-type: none"> <li>• The sales revenue of acetic acid decreased because of the market prices were decreasing because the supply of acetic acid has been recovering.</li> <li>• Acetate tow sales revenue increased due to the increases in sales volume because of increases in the demand for heated cigarette application, in addition to a change in accounting standards, as well as effects of foreign exchange rate.</li> <li>• 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.</li> <li>• 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.</li> </ul>
Engineering Plastics	<ul style="list-style-type: none"> <li>• Sales volume of Engineering Plastics decreased due to the impact of lockdown in China, the effects of inventory reductions by customers because of production cutbacks by Japanese automakers and decreased demand for electronic devices, 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.</li> </ul>

## Segment Information – Results of 1st Half (Apr. to Sep.)

### <vs Forecasts announced in May 2022>

Medical / Healthcare	<ul style="list-style-type: none"> <li>• Sales of cosmetic ingredients such as 1,3-BG were lower than expected due to a fall in demand because of the impact of the lockdown in China, despite efforts to correct prices due to rising raw material and fuel prices.</li> <li>• Sales revenue of chiral-related products exceeded the plan because of increases in sales volume due to strong sales of chiral columns and stationary phases to overseas markets, and growth in sales of analytical services in India and genetic analysis-related products as well as effects of foreign exchange rate.</li> </ul>
Smart	<ul style="list-style-type: none"> <li>• Sales revenue of cellulose acetate for LCD (TAC) decreased from the plan due to a decline in sales volume because the impact of operation adjustments by panel manufacturers exceeded expectations.</li> <li>• Sales revenue of high-performance films were slightly lower the plan because a decrease in sales volume due to the impact of inventory adjustments of high-performance display applications for TVs by customers, despite the demand for in-vehicle display applications remained strong.</li> <li>• Sales revenue of solvents for electronic materials decreased from the plan due to the impact of production adjustments in the LCD panel market, despite the aggressive efforts to revise prices corresponding to rising raw material prices.</li> <li>• Sales revenue of resist materials was almost as planned. The demand for the semiconductor material applications was solid, although the sales volume of LCD panel material applications fell short of plan.</li> </ul>

## Segment Information – Results of 1st Half (Apr. to Sep.)

### <vs Forecasts announced in May 2022>

Safety	<ul style="list-style-type: none"> <li>Sales revenue of inflators fell short of plan due to the decreases in sales volume resulting from the impact of reduced automobile production because of the lockdown in China and shortages of semiconductors.</li> </ul>
Materials	<ul style="list-style-type: none"> <li>The sales revenue of acetic acid exceeded the plan because of the market prices in the first half exceeded our expectation.</li> <li>Acetate tow sales revenue exceeded the plan due to the increases in demand for heated cigarette application and effects of foreign exchange rate.</li> <li>Sales revenue of caprolactone exceeded the plan because sales of applications for polyurethane remained strong and we made an aggressive efforts to correct prices corresponding to rising raw material prices.</li> <li>Sales revenue of epoxy compounds was almost as planned due to an aggressive efforts to correct prices corresponding to rising raw material price despite the effects of decreases in demand for LCD material applications.</li> </ul>
Engineering Plastics	<ul style="list-style-type: none"> <li>Sales volume of Engineering Plastics fell short of the plan due to the impact of lockdown in China, the effects of inventory reductions by customers because of production cutbacks by Japanese automakers and decreased demand for electronic devices, however sales revenue exceeded the plan due to aggressive efforts to correct prices corresponding to rising raw material and fuel and distribution costs and the impact of exchange rates.</li> </ul>

## Consolidated Balance Sheet

(billion yen)

	Mar. 31, 2022	Sep. 30, 2022	Change
<b>Total Current Assets</b>	360.2	397.7	+37.4
Cash, Deposits and Short-term Investment Securities	90.5	87.4	-3.2
Notes and Accounts Receivable-trade	102.6	106.0	+3.5
Inventories	142.0	176.9	+34.9
Other	25.2	27.3	+2.2
<b>Total Non-Current Assets</b>	338.6	348.6	+10.0
Property, Plant and Equipment	229.8	245.3	+15.4
Intangible Fixed Assets	10.1	10.7	+0.6
Investments and Other Assets	98.7	92.6	-6.0
<b>Total Assets</b>	<b>698.8</b>	<b>746.2</b>	<b>+47.4</b>
<b>Liabilities</b>	419.3	434.9	+15.6
Interest-bearing Liabilities	283.6	292.8	+9.3
Other	135.7	142.0	+6.3
<b>Total Net Assets</b>	279.5	311.4	+31.8
<b>Total Liabilities and Net Assets</b>	<b>698.8</b>	<b>746.2</b>	<b>+47.4</b>

- Of the total asset increase of 47.4 billion yen, 34.9 billion yen of total assets increased due to the effects of foreign exchange.
- The reason of increases in inventories following:
  - The effects of foreign exchange and rise in raw materials & fuel prices
  - Building up inventories for annual maintenance in third quarter and relocation of engineering plastics business base in China.
- Property, Plant and Equipment increased due mainly to an increase 7.2 billion yen of the effects of foreign exchange, in addition to newly investment of POM in China.
- Interest-bearing debt increased because of short-term borrowing due to increased working capital.



## Consolidated Cash Flow Statement

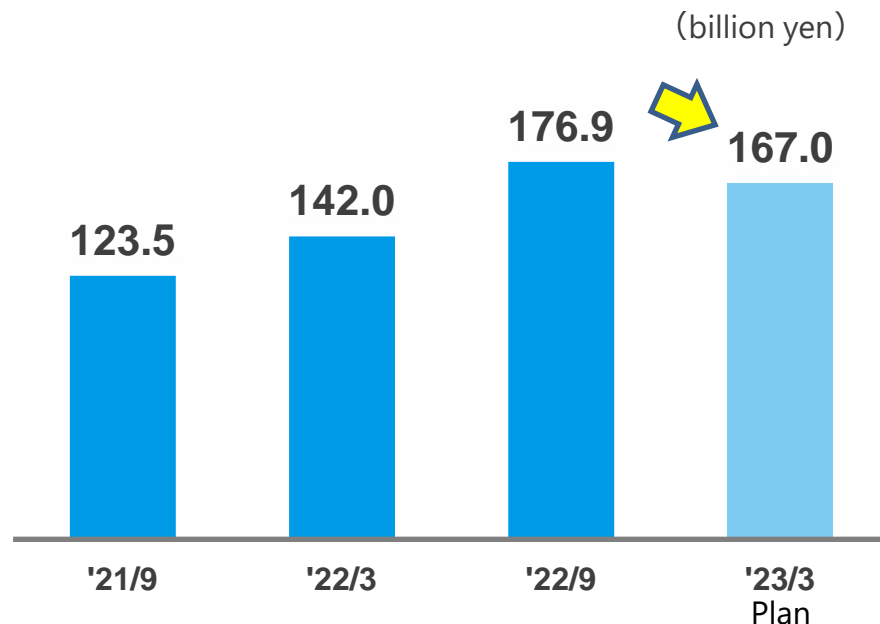
(billion yen)

	2022/3 1H	2023/3 1H	Change
Cash Flows from Operating Activities	28.4	7.8	-20.6
Cash Flows from Investing Activities	-21.3	-17.2	+4.1
Free Cash Flows	7.1	-9.4	-16.6
Cash Flows from Financing Activities	-7.5	1.2	+8.7
Other	0.5	5.9	+5.4
Net Increase (Decrease) in Cash and Cash Equivalents	0.1	-2.4	-2.5
Cash and Cash Equivalents at End of Period	90.9	85.6	-5.3

Although profits increased, free cash flow was -9.4 billion yen because of aggressive capital investment and increases in inventories due mainly to the effects of foreign exchange and rise in raw materials & fuel prices and the strategic inventory buildup, resulting in a decrease of 16.6 billion yen compared to the previous year.



## Inventories



**At the end of March 2023,  
Reduce the balance of inventories  
by approximately **10** billion  
from the end of September 2022.**

- At the end of September 2022, the balance of inventories increased 34.9 billion yen from the end of March 2022. The main reason for the inventories increases was the price impact such as an increases almost 22 billion yen due to the effects of foreign exchange and rise in raw materials & fuel prices. In addition, we built up inventories for annual maintenance in third quarter in Ohtake plant and relocation of Polyplastics business base in China.
- We will strive to reduce inventories by all Daicel group and reduce them by approximately 10 billion yen by the end of March 2023. First of all, we will review the required quantity of inventory buildup due to the base relocation plan and review the appropriate inventory in line with market trends. After that, we will continue to work on inventory reduction.

## Forecasts

(billion yen)

	22/3 Results	23/3 Forecasts*	23/3 Revised Forecasts	Y on Y		vs Forecasts	
				Change	%	Change	%
Net Sales	467.9	540.0	579.0	+111.1	+23.7%	+39.0	+7.2%
Operating Income	50.7	46.5	54.0	+3.3	+6.5%	+7.5	+16.1%
Ordinary Income	57.3	48.5	59.0	+1.7	+3.0%	+10.5	+21.6%
Income Attributable to Owners of Parent	31.3	37.0	41.0	+9.7	+31.2%	+4.0	+10.8%
Exchange Rate USD/JPY	112	115	137				
ROIC	6.2%	5.3%	5.4%				
ROE	12.3%	13.0%	14.2%				
ROA	4.7%	5.2%	5.6%				
EBITDA	78.9	76.6	86.0				
EPS (yen)	104.14	125.12	138.44				

### <Y on Y>

Sales revenue and profits are expected to exceed the forecasts announced in May 2022 due to sales expansion mainly in Safety, Engineering Plastics and materials, sales price revision corresponding to rising the raw materials and fuel prices and distribution costs, thorough cost reduction, the effects of foreign exchanges, despite the impact of weak acetic acid condition.

## Analysis of EBITDA Increase/Decrease for FY ending March 2023 (vs Previous forecasts)

(billion yen)



- <Quantity> Decreases in sales volume mainly in Smart, Safety and Engineering Plastics due to the impact of lockdown in China, decreased automobile production because of the shortage of semiconductor and decreases in demand for electronic devices. However, the negative impact on volume is expected to be smaller than in the first half (-7.1) due to an increase in sales volume for materials.
- <Prices> We will strive to correct selling prices due to rising raw fuel and distribution costs.
- <Exchange Rate Impact> Foreign exchange assumptions Forecast: ¥ 115/US\$, Results: ¥ 137/US\$
- <Expense Variance and Others> An increases in expenses is expected despite thorough cost reduction.

## Net Sales and Operating Income by Segment

(billion yen)

Net Sales	22/3 Results	23/3 Forecasts*	23/3 Revised Forecasts	Y on Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	19.5	24.0	24.0	+4.5	+23.1%	-	-
Smart	32.5	39.0	37.0	+4.5	+13.9%	-2.0	-5.1%
Safety	69.5	86.0	93.0	+23.5	+33.9%	+7.0	+8.1%
Materials	122.8	135.0	157.0	+34.2	+27.8%	+22.0	+16.3%
Engineering Plastics	212.3	247.0	259.0	+46.7	+22.0%	+12.0	+4.9%
Others	11.4	9.0	9.0	-2.4	-21.1%	-	-
<b>Total</b>	<b>467.9</b>	<b>540.0</b>	<b>579.0</b>	<b>+111.1</b>	<b>+23.7%</b>	<b>+39.0</b>	<b>+7.2%</b>

Operating Income	22/3 Results	23/3 Forecasts*	23/3 Revised Forecasts	Y on Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	2.4	2.5	2.3	-0.1	-5.7%	-0.2	-8.0%
Smart	4.0	4.1	1.5	-2.5	-62.8%	-2.6	-63.4%
Safety	2.6	5.2	5.7	+3.1	+120.7%	+0.5	+9.6%
Materials	18.3	9.2	16.0	-2.3	-12.7%	+6.8	+73.9%
Engineering Plastics	22.1	25.0	28.0	+5.9	+26.6%	+3.0	+12.0%
Others	1.2	0.5	0.5	-0.7	-58.1%	-	-
<b>Total</b>	<b>50.7</b>	<b>46.5</b>	<b>54.0</b>	<b>+3.3</b>	<b>+6.5%</b>	<b>+7.5</b>	<b>+16.1%</b>

\* The forecasts were announced on May 11, 2022.

## Segment Information - Medical / Healthcare

### ◇ Forecasts

(billion yen)

	22/3 Results	23/3 Forecasts*	23/3 Revised Forecasts
Net Sales	19.5	24.0	24.0
Operating Income	2.4	2.5	2.3
EBITDA	4.2	5.4	5.2

\* The forecasts were announced on May 11, 2022.

<vs Forecasts\*>

- Operating income of cosmetic business including 1,3-BG business is expected to be lower than initial forecasts due to decreases in sales volume because of the impact of the lockdown in China, despite efforts to correct prices due to rising raw material and fuel prices.
- Sales revenue of chiral-related products is expected to exceed the initial forecasts due to strong demand for chiral columns and stationary phases in overseas markets mainly in China, and growth in sales of analytical services in India and genetic analysis-related products in America, as well as effects of foreign exchange rate.

### ◇ Actions for Growth

- The new 1,3-BG manufacturing plant in Aboshi has started commercial operation in August 2022. One of our goals is to expand sales in domestic markets of the odorless grade of 1,3-BG, as well as overseas markets of 1,3-BG.
- We are developing newly upgraded BELLOCEA® (spherical cellulose acetate particles) that meets the requirements of European regulation (OECD 301F certification). We intend to focus our efforts on marketing research and provide solutions for microplastic fragments in the cosmetic industry.
- In the field of health foods, our goals are to develop our product line and expand sales in our existing materials with our partners collaborating research and sales promotion.
- In response to the strong demand for chiral column-related products, we will accelerate our growth strategy of “next generation businesses” (a group of business categories in our product portfolio), such as genetic analysis-related businesses, and marketing research of “Actranza™ Lab” (a new drug delivery device) for its early commercial operation.

## Segment Information - Smart

### ◇ Forecasts

(billion yen)

&lt;vs Forecasts\*&gt;

	22/3 Results	23/3 Forecasts*	23/3 Revised Forecasts
Net Sales	32.5	39.0	37.0
Operating Income	4.0	4.1	1.5
EBITDA	6.4	6.7	4.1

\* The forecasts were announced on May 11, 2022.

- Operating income of cellulose acetate for LCD (TAC) is expected to decline because LCD panel demand will be below the initial forecasts, although we will make efforts to expand its market share.
- Operating income of solvents for electronic materials and resist materials will be almost as planned due to rising sales prices corresponding to rising raw material prices and covering the decrease in demand for LCD applications with expanded sales for semiconductor applications.

### ◇ Actions for Growth

- We intend to steadily increase our share in sales of tri-acetate cellulose (TAC) for optical films, by enhancing its competitiveness through product quality, leveraging its edge of being made from wood pulp against the background of a worldwide supply shortage of cotton linters.
- Our goals are to promote sales in high-performance films for high-end TV displays and expand sales to meet increasing demands for automotive applications. Another goal is to accelerate the development of synergy between current and coating technologies, the resources of which are transferred by GUNZE LIMITED.
- Commercial operations for solvents for electronic materials will start on the new plant in April 2023 to increase production volumes and further expand sales. We will also expedite the development of photoresist materials such as new products for EUV, the implementation of the plan to increase the production of microfluidic devices in FY2025/3.
- In the sensing business, we will promote adoption of wafer-level lenses for VR technology and attract more customers to meet the needs of replacing conventional lenses (made from thermoplastic resin) with wafer-level lenses. We will also expand sales of printed materials in China and Taiwan by initially targeting customers of multi-layer capacitors. Furthermore, our growth strategy for organic semiconductor sensors will be accelerated through collaborations with partners, such as the pilot and demonstration programs implemented in Kashinoha smart city.

## Segment Information - Safety

### ◇ Forecasts

(billion yen)

&lt;vs Forecasts\*&gt;

	22/3 Results	23/3 Forecasts*	23/3 Revised Forecasts
Net Sales	69.5	86.0	93.0
Operating Income	2.6	5.2	5.7
EBITDA	8.4	11.3	12.8

\* The forecasts were announced on May 11, 2022.

- Full-year automobile production is expected to fall below the initial forecast due to the lockdown in China in the first half and the shortage of semiconductors. However, operating income of Safety is expected to exceed initial forecast due to our efforts to correct sales prices corresponding to rising raw material prices and thorough cost reduction.

### ◇ Actions for Growth

- Commercial operations at the new manufacturing plant in India will start in FY2024/3. Our goal is to increase the sales of inflators and achieve a worldwide market share of 25% by FY2026/3, the final year of our mid-term management strategy.
- In response to the increasing demand for some products in the Safety segment, we modified the deadline for the consolidation of production region plans within FY2024/3. On the other hand, the progress of plan of labor-saving by automating operations; the automation rate is 69% (the record of the first half of the year is 63%, the objective of the second half of the year is 73%). While consolidating our product lineup and shifting the production method of gas generant, we will improve the cost-competitiveness of our products.
- Through cooperation with partners, we will accelerate the growth strategy of Pyro-Fuse. Since the demand for safety devices, such as electric vehicles and renewable energy storage and transmission systems, is growing and the market is expanding, we will respond to the growing demand as one of the main suppliers.



## Segment Information - Materials

### ◇ Forecasts

(billion yen)

	22/3 Results	23/3 Forecasts*	23/3 Revised Forecasts
Net Sales	122.8	135.0	157.0
Operating Income	18.3	9.2	16.0
EBITDA	28.5	18.7	25.5

\* The forecasts were announced on May 11, 2022.

&lt;vs Forecasts\*&gt;

- Operating income of Acetic business is expected to exceed initial forecasts due to expanding sales of acetate tow to respond to increased demand, efforts to correct sales prices corresponding to rising raw material prices and fuel prices, and exchange rate impact, although sales volume of some products for LCD applications will decrease.
- Operating income of chemical business is expected to be lower than planned due to decreases in sales volume of epoxy compounds for LCD applications, although sales volume of caprolactone increase for automotive PPF and EV battery applications, which are our focus application.

### ◇ Actions for Growth

- Given the customers' demand for increasing sales volumes of acetate tow on the background of trust in business relationship we have established through our technological strength, we will steadily respond to their orders. Providing that we will improve our production efficiency and completely utilize our existing production equipment without additional investments. Through fulfilling the capacity of provision and growing demand, we intend to increase our share in sales. Moreover, we will set forward its price increase continuously.
- Acetate Cellulose has the chemical properties that is biomass-based and marine-biodegradable. On the background of the high demand in domestic and international, it was adopted by major merchandiser and food and beverage companies as a cutlery. We will develop new usage of acetate cellulose as functional resin that is optimized the most of its potential. We will promptly develop a business basement by implementing reducing costs by replacing material to the low-cost pulp through improvement of the acetate cellulose manufacturing process.
- We intend to focus our efforts on the sales of caprolactone derivatives to the high price and highly functional market, such as automotive paint protection film (PPF). Moreover, we started the development of caprolactone monomer with biodegradability to add a biomass property. Regarding the epoxy compound, we accelerate our marketing research for investigating the potential of products with high value added such as an insulator for electric vehicles, by leveraging edge of alicyclic epoxy of being made without chlorine.

## Segment Information – Engineering Plastics

### ◇ Forecasts

(billion yen)

	22/3 Results	23/3 Forecasts*	23/3 Revised Forecasts
Net Sales	212.3	247.0	259.0
Operating Income	22.1	25.0	28.0
EBITDA	29.6	33.3	37.3

\* The forecasts were announced on May 11, 2022.

&lt;vs Forecasts\*&gt;

- Operating income of Engineering Plastics is expected to exceed initial forecasts due to sales volume recovery measures, sales price corrections corresponding to rising raw material, fuel and distribution costs, and the effect of exchange rates although the product demand is expected to decline due to factors such as reduced automobile production and a slowdown in the smartphone market.

### ◇ Actions for Growth

- Investments to improve production volume, such as at the POM plant (90,000 tons in FY2025/3) and LCP plant (5,000 tons in FY2025/3), will be the one of the goals of the Daicel Group, and we will commence commercial operations at these plants. Through the implementation of these plans, we will meet to the growing demand of market needs.
- Subsequent capital investments will be determined based on changes in the market environment. Careful consideration will be given in the mid-term management strategy review.
- Air freight costs will be reduced by carefully managing PSI (Production, Sales, and Inventory). Further decreases production costs and increases in productivity will be achieved by introducing “DAICEL Production Innovation” at domestic and international Polyplastics production sites.
- Regarding the growth of new products, we will commercialize polyetherketone (PEK), develop POM for medical use, and develop the market for long fiber plastics. Moreover, we will expedite the development of eco-friendly products and investigate the potential of commercializing recycling businesses (PIR: Post Industry Recycle).

## Promoting Thorough Organizational and Systemic Reforms

We have responded to changes in the environment and promoted thorough organizational and systemic reforms to achieve our mid-term management strategy "Accelerate 2025".

In the fiscal year ending March 31, 2023, we have implemented organizational reforms to accelerate the development of new businesses and strengthen our production foundation.

### Corporate Department Reform

- Separated R&D function into Research Center (R) and Innovation and Business Development Headquarters (D).
- Reduced R&D themes by half.
- Strengthened strategic functions by establishing the Corporate Planning & Strategy Headquarters.

### Personnel System Reform

- Transformed from a generalist-oriented career development system to multiple-track promotion system, based on job-grading to realize varied career advancement by strengths of each employee.
- Introduced stock-based rewards to management positions to reward efforts.

FY2020/3

FY2021/3

FY2022/3

FY2023/3

**Accelerate  
2025**

### Business Organizational Reform

- Changed our conventional "company system" based on product-out, to an organization of Strategic Business Unit (SBU) centering on market-in concept.

### Organizational Reforms to:

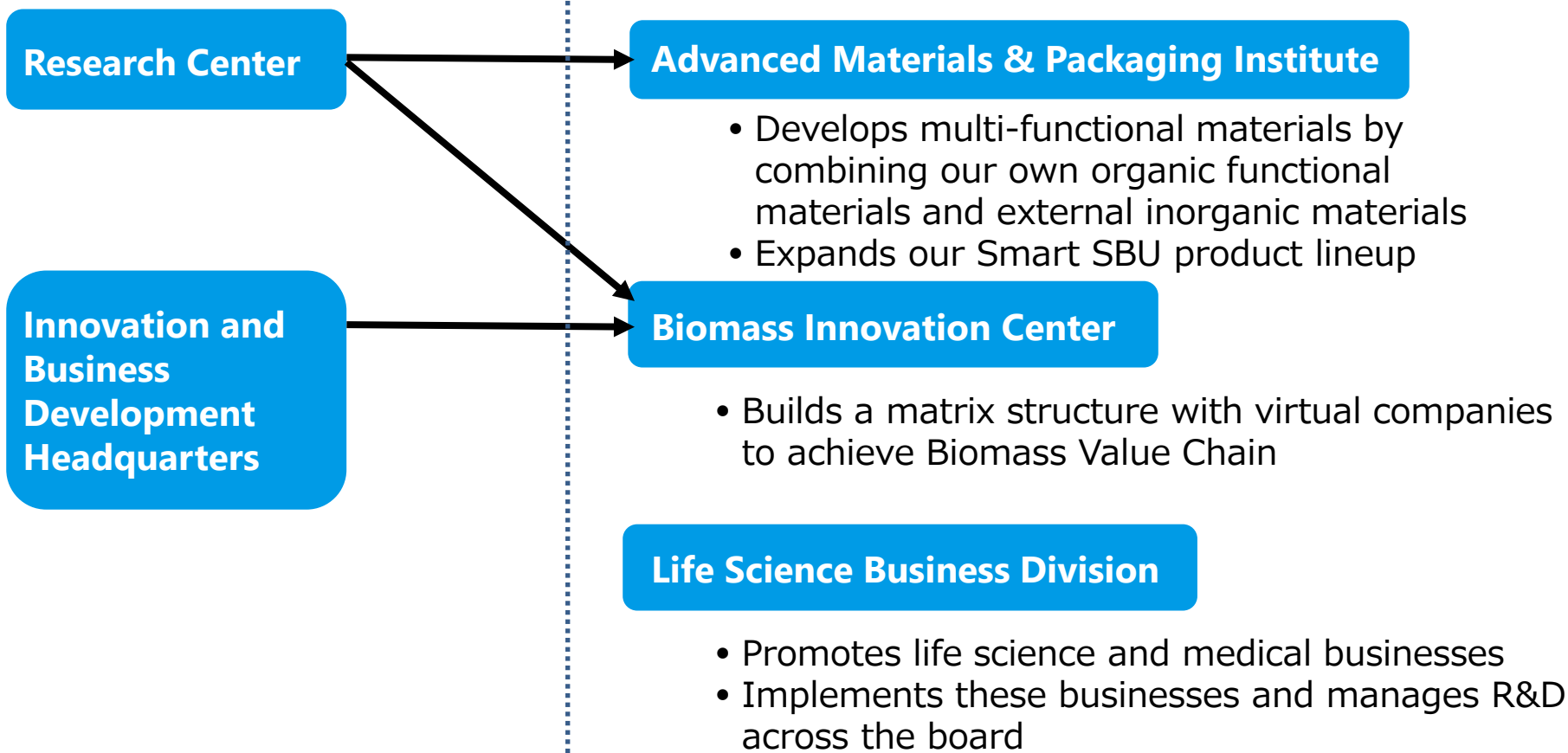
1. **Accelerate New Business Development**
2. **Strengthen Production Foundation**

## Promoting Thorough Organizational and Systemic Reforms

### 1. Accelerate New Business Development

~ Reorganization to Achieve Goals during Accelerating Phase ~

#### New Organizations Established in April 2022



## Promoting Thorough Organizational and Systemic Reforms

### 2. Strengthening Production Foundation - Strengthening the Organization to Deal with Issues

**Issues in executing investment projects**

**Declining ability to anticipate risks, execute design, manage construction and costs in the field of production technology**

**Measures**

- ① **Measures to minimize human error**
  - Strengthen design capabilities by reinforcing the ability to anticipate risks
- ② **Build a system that avoids serious problems even in event of human error**
  - Improvement of labor equipment ratio, promotion of mechanization and automation at production sites
  - Induction of work style reforms through epoch-making technological innovations at production sites

**Strengthening the organization (Strengthen risk management)**

#### **Establishment of Assessment Headquarters in April 2022**

- Responsible Care and Quality Management Division were integrated under new established Assessment Headquarters to carry out multifaceted assessments.
- Develop and strengthen human resources capable of highly effective self-inspection through personnel rotation between a variety of planning roles such as in the Production Division and SBUs, and the Assessment Headquarters.

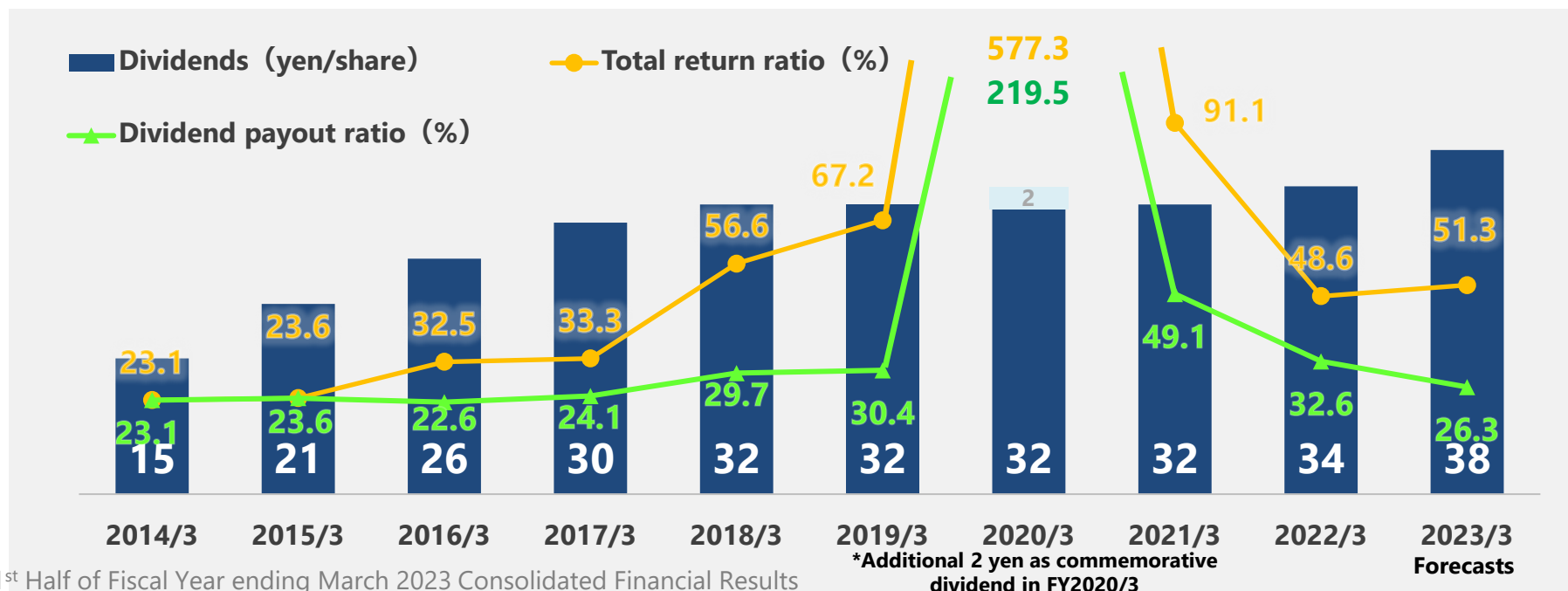


## Return to Shareholders

**Policy: Maintain the 32 yen per share as the lower limit and total return ratio of 40% or higher**

### FY ending March 2023

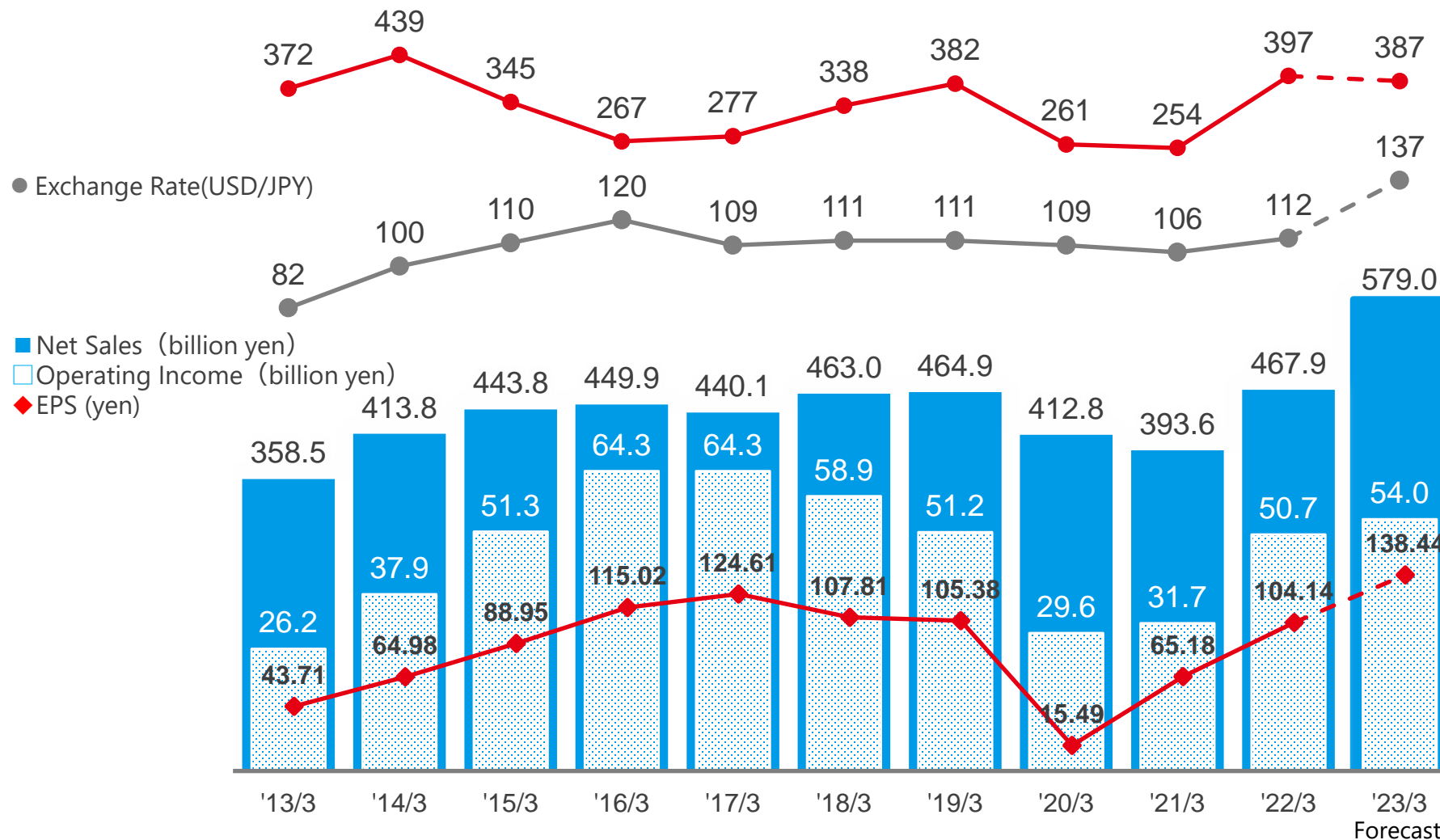
- Dividend forecast
  - Interim dividends : 18 yen per share (as expected)
  - Year-end dividends forecasts : 20 yen per share (increase by 2 yen from the previous forecast),
  - Annual dividends forecasts : 38 yen per share
- Decided to purchase treasury stock of 10 billion yen for 12 million shares.  
(Period of purchase: From Nov. 2022 to Mar. 2023)



# REFERENCES

## Trend in Net Sales, Operating Income, and EPS

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





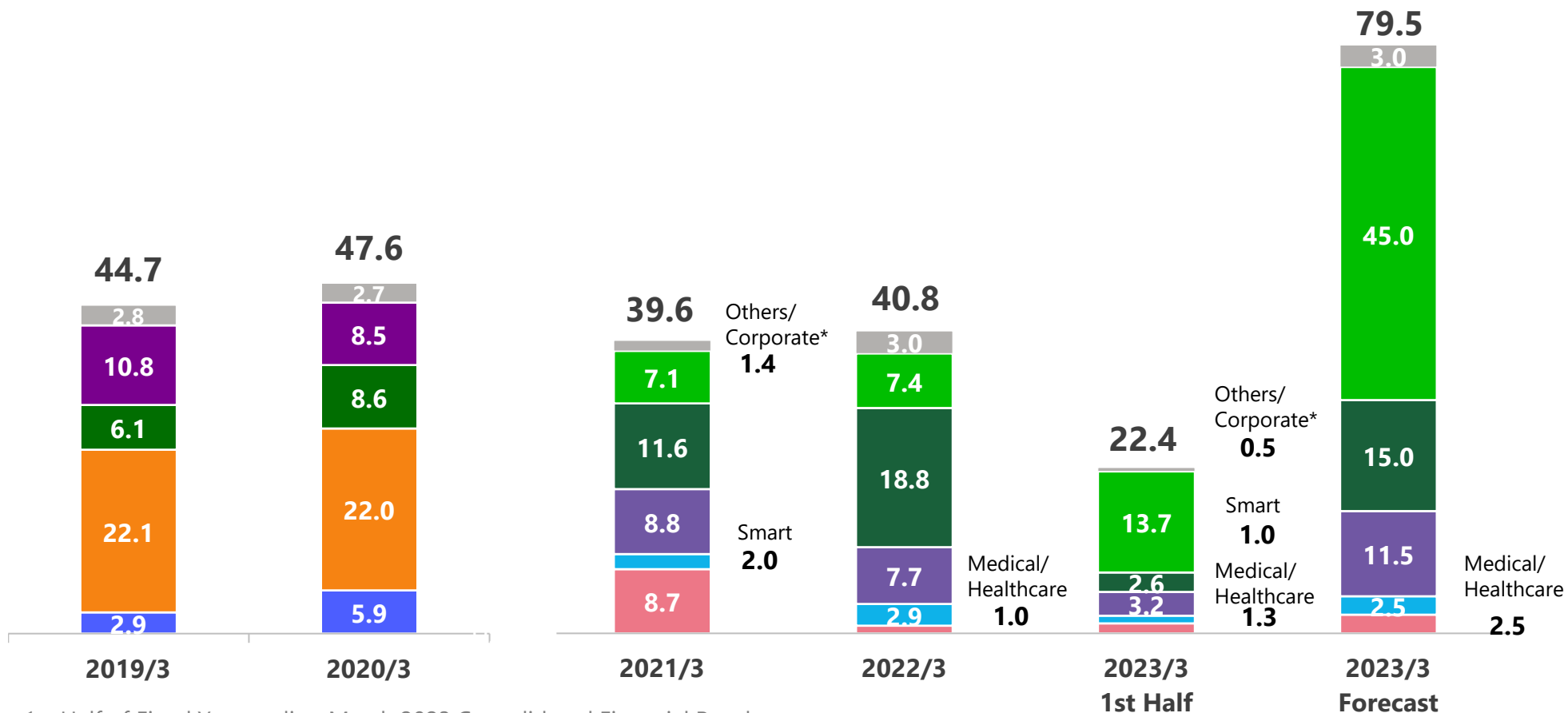


# Capital Expenditures

(billion yen)

- Cellulosic Derivatives
- Organic Chemicals
- Medical/Healthcare
- Smart
- Plastics
- Pyrotechnic Devices
- Safety
- Materials
- Others/Corporate
- Engineering Plastics
- Others/Corporate\*

\*The figures of "Others/Corporate" for FY2023/3 do not include 'Corporate'.



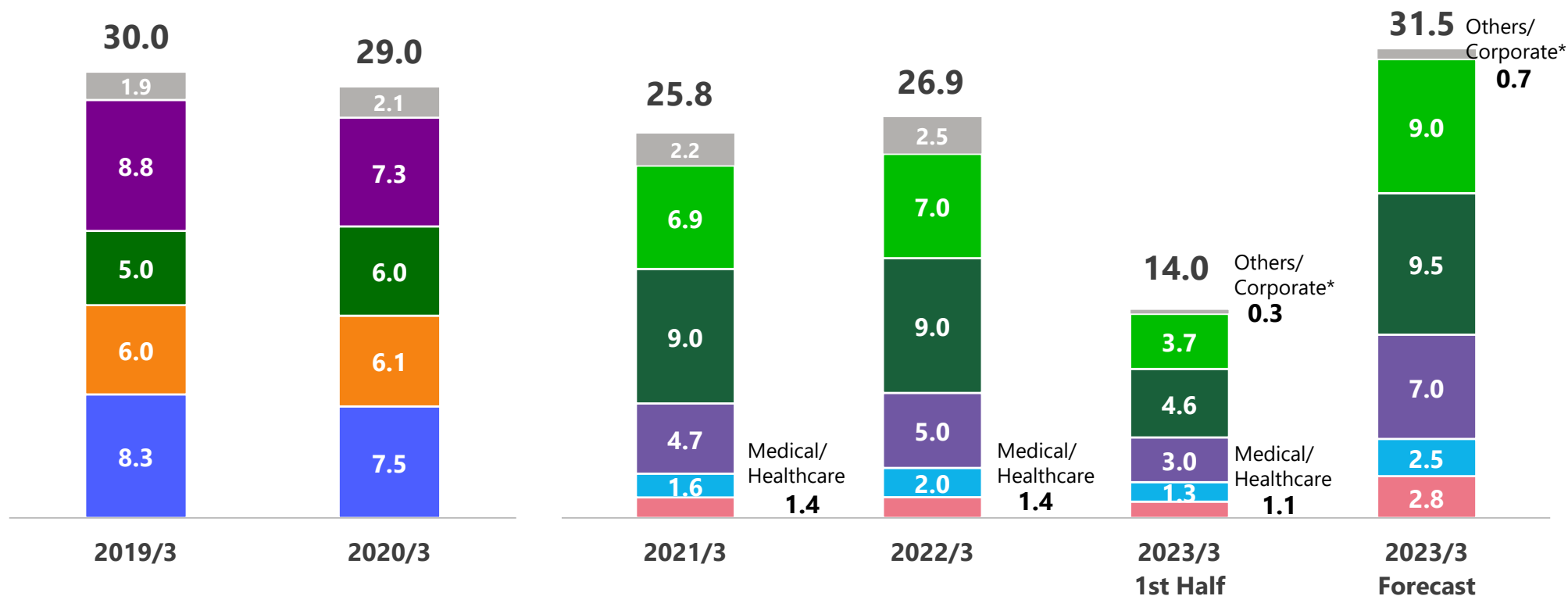


# Depreciation and Amortization

(billion yen)

- Cellulosic Derivatives
- Organic Chemicals
- Medical/Healthcare
- Smart
- Plastics
- Pyrotechnic Devices
- Safety
- Materials
- Others/Corporate
- Engineering Plastics
- Others/Corporate\*

\*The figures of "Others/Corporate" for FY2023/3 do not include 'Corporate'.



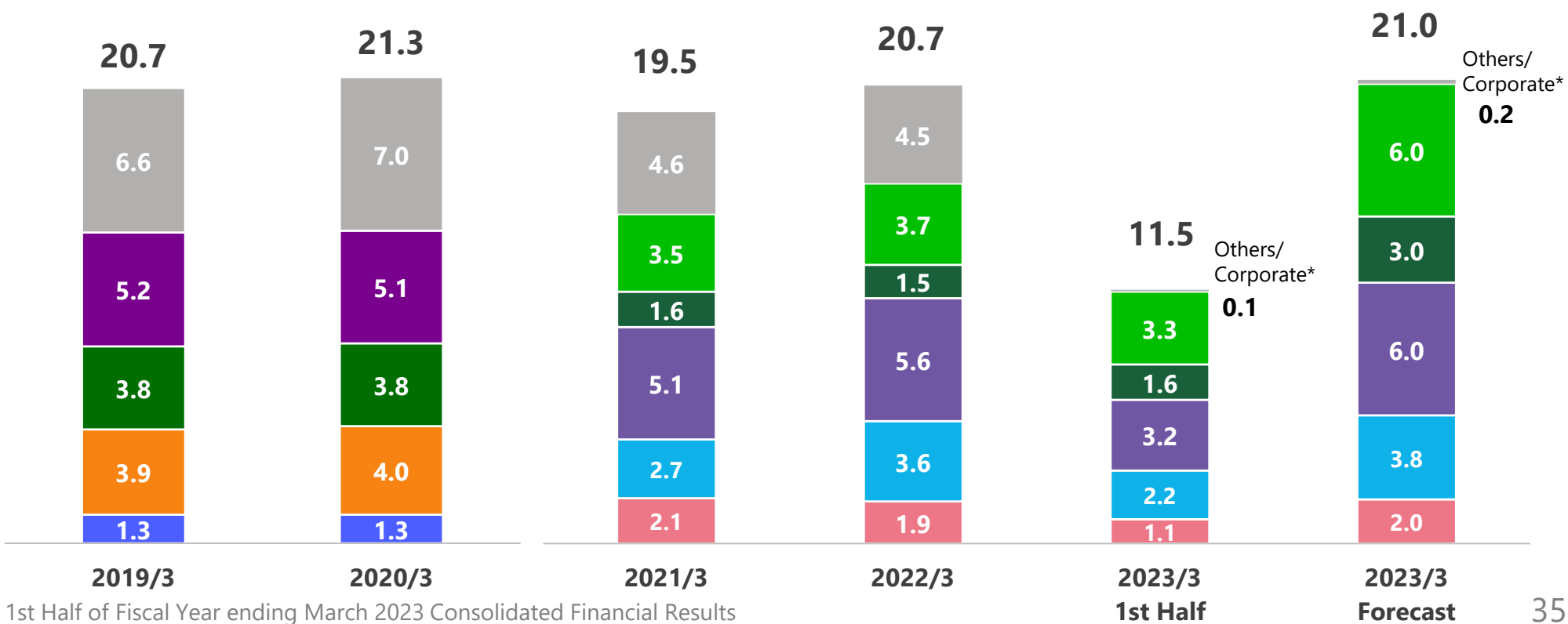


# R&D

(billion yen)

- Cellulosic Derivatives
- Organic Chemicals
- Medical/Healthcare
- Smart
- Plastics
- Pyrotechnic Devices
- Safety
- Materials
- Others/Corporate
- Engineering Plastics
- Others/Corporate\*

\*The figures of "Others/Corporate" for FY2023/3 do not include 'Corporate'.



## Quarterly Results for Sales and Operating income

(billion yen)

Net Sales	2022/3				2023/3	
	1Q	2Q	3Q	4Q	1Q	2Q
Medical / Healthcare	4.8	4.8	5.0	4.9	5.4	5.5
Smart	8.0	7.5	8.6	8.5	9.6	6.6
Safety	16.3	15.6	18.5	19.1	17.8	22.0
Materials	28.3	29.8	31.2	33.6	34.7	37.7
Engineering Plastics	51.5	52.9	52.4	55.5	58.7	64.8
Others	2.6	2.8	2.6	3.4	1.8	1.7
<b>Total</b>	<b>111.4</b>	<b>113.5</b>	<b>118.2</b>	<b>125.0</b>	<b>128.0</b>	<b>138.0</b>

Operating income	2022/3				2023/3	
	1Q	2Q	3Q	4Q	1Q	2Q
Medical / Healthcare	0.6	0.8	0.5	0.6	0.7	0.4
Smart	1.5	1.1	1.1	0.4	1.1	-0.8
Safety	-0.0	1.1	1.3	0.2	-0.4	0.0
Materials	4.4	4.2	5.3	4.4	4.9	5.5
Engineering Plastics	7.1	6.0	3.6	5.4	6.6	7.9
Others	0.4	0.1	0.3	0.5	0.1	0.0
<b>Total</b>	<b>13.9</b>	<b>13.3</b>	<b>12.0</b>	<b>11.4</b>	<b>13.0</b>	<b>13.0</b>

## Financial Forecast (FY ending March 2023)

(billion yen)

		2023/3 Forecasts *			2023/3 Revised Forecasts			Change (B)-(A)
		1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Total(A)	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Total(B)	
	Medical / Healthcare	11.5	12.5	24.0	10.9	13.1	24.0	-
	Smart	19.0	20.0	39.0	16.2	20.8	37.0	-2.0
	Safety	42.0	44.0	86.0	39.7	53.3	93.0	+7.0
	Materials	66.5	68.5	135.0	72.4	84.6	157.0	+22.0
	Engineering Plastics	123.0	124.0	247.0	123.6	135.4	259.0	+12.0
	Others	4.0	5.0	9.0	3.5	5.5	9.0	-
Net sales		<b>266.0</b>	<b>274.0</b>	<b>540.0</b>	<b>266.2</b>	<b>312.8</b>	<b>579.0</b>	<b>+39.0</b>
	Medical / Healthcare	1.5	1.0	2.5	1.1	1.2	2.3	-0.2
	Smart	1.8	2.3	4.1	0.4	1.1	1.5	-2.6
	Safety	2.3	2.9	5.2	-0.4	6.1	5.7	+0.5
	Materials	5.8	3.4	9.2	10.3	5.7	16.0	+6.8
	Engineering Plastics	11.3	13.7	25.0	14.5	13.5	28.0	+3.0
	Others	0.3	0.2	0.5	0.1	0.4	0.5	-
Operating income		<b>23.0</b>	<b>23.5</b>	<b>46.5</b>	<b>26.0</b>	<b>28.0</b>	<b>54.0</b>	<b>+7.5</b>
Ordinary income		<b>24.0</b>	<b>24.5</b>	<b>48.5</b>	<b>30.2</b>	<b>28.8</b>	<b>59.0</b>	<b>+10.5</b>
Income attributable to owners of parent		<b>18.5</b>	<b>18.5</b>	<b>37.0</b>	<b>22.2</b>	<b>18.8</b>	<b>41.0</b>	<b>+4.0</b>
(ref.) Exchange rate USD/JPY		115	115	115	134	140	137	

\* The forecasts were announced on May 11, 2022.

## Assumptions

		2022/3 Results		2023/3 Forecasts*		2023/3 Revised Forecasts	
		1 <sup>st</sup> Half (Results)	2 <sup>nd</sup> Half (Results)	1 <sup>st</sup> Half (Forecasts)	2 <sup>nd</sup> Half (Forecasts)	1 <sup>st</sup> Half (Results)	2 <sup>nd</sup> Half (Forecasts)
Exchange rate (USD/JPY)		110	115	115	115	134	140
Raw Materials	Methanol Asian spot price (USD/ton)	368	427	430	430	374	400
	Crude Oil Dubai (USD/bbl.)	70	87	100	100	102	100
	Domestic Naphtha (JPY/kl)	50,500	62,650	78,000	78,000	83,750	76,000

\* The forecasts were announced on May 11, 2022.

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