

Message from the President and CEO

We pursue the delivery of greater value and the enhancement of corporate value, aiming to be a “chemical manufacturer that creates the future” with abundant growth potential and unique characteristics.

INTRODUCTION

In May 2025, an incident occurred at our Aboshi Plant that resulted in the death of one of our employees. We sincerely mourn the loss of this employee and extend our deepest condolences to his family, and we also sincerely apologize to all those who have been concerned about this incident. Human life is our top priority, and these kinds of incidents should never occur. As a company, we will stand by the bereaved family and offer the fullest support, and we will fully cooperate with on-site inspections and investigations by the relevant authorities to determine the cause as quickly as possible and fulfill our corporate responsibility. As a company that upholds safety, quality, and compliance as the priority foundations of our business activities, we will reaffirm our commitment to these foundations among all employees and proceed with our business activities with a strong determination to never allow such incidents to occur again.

■ Thoughts upon Assuming the Position of President and CEO

In April 2025, I took over from former President Ogawa and assumed office as President and CEO.

Recently, our operating environment has been changing rapidly, with global environmental issues and natural disasters, the worldwide spread of novel infectious diseases, conflicts between nations, and the emergence of rapidly advancing technologies such as AI. We need to build a greater capacity to respond to changes than ever before for the Daicel Group to continue sustainable growth in such times.

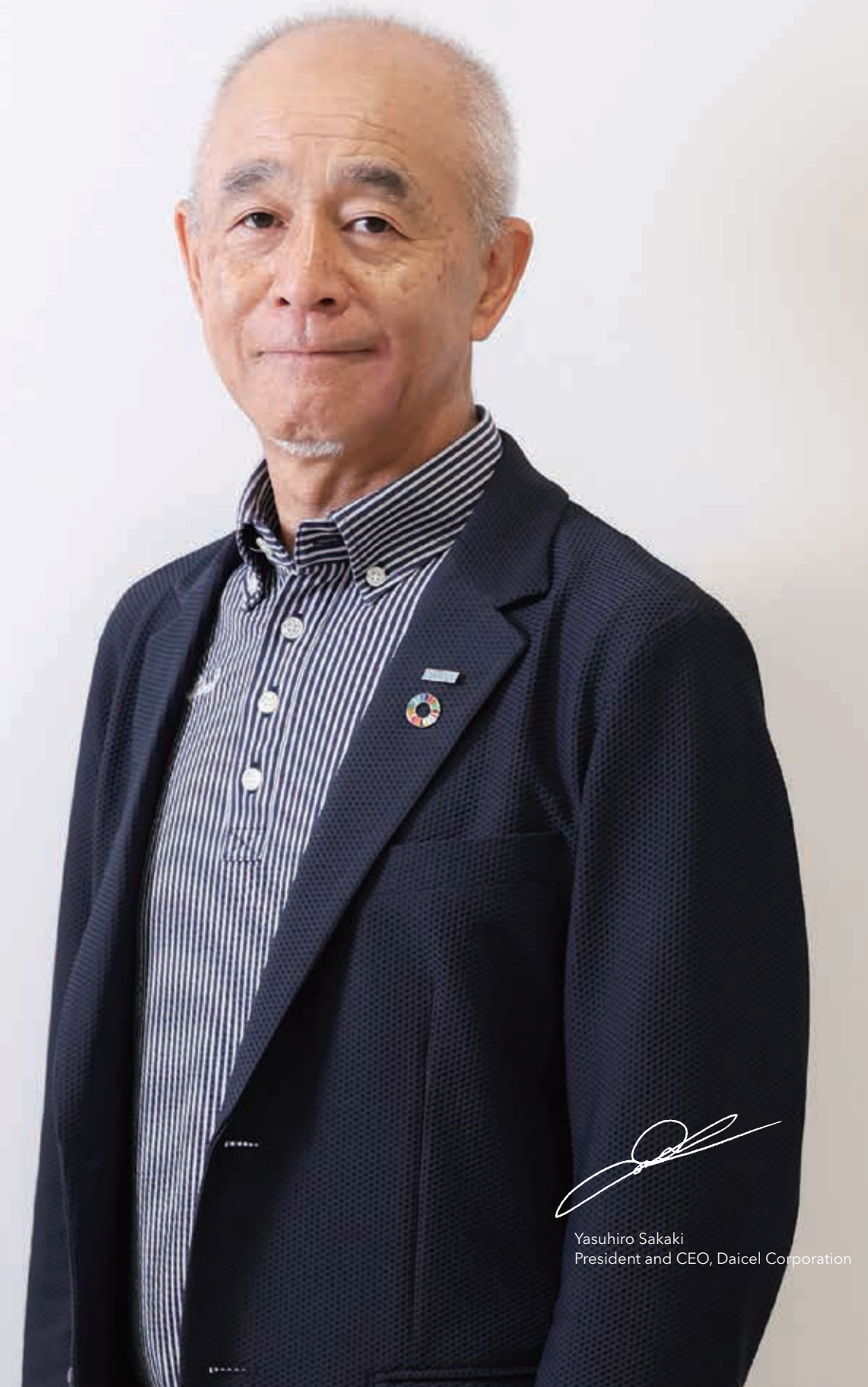
During my time as Senior Managing Executive Officer, I was engaged in extensive discussions with the then President and CEO and project members to formulate the fourth Long-Term Vision, DAICEL VISION 4.0, with the goal of achieving it by FY2031/3. The vision we set forth, “to achieve both a sustainable society and growth of the Daicel Group while contributing to the creation of a circular society,” represents our aspiration and pride as a chemical

manufacturer. It also indicates the pathway for embodying our Basic Philosophy of “the company making lives better by co-creating value.”

Under the Mid-Term Management Strategy, Accelerate 2025, based on the Long-Term Vision, we have pushed forward transformation of our business structure through selection and concentration, focused on improving productivity as well as asset and capital efficiency, and expanded value co-creation through collaboration with diverse partners. I am assuming the position of President and CEO as we pass through the final year of the Mid-Term Management Strategy and enter the latter half of realizing the Long-Term Vision, and I recognize my mission as steadily reaping returns on the growth investments made up to now, developing businesses that I hope will become the Daicel Group’s earnings pillars in the next generation, and socially implementing and commercializing the innovative technologies we have seeded and developed. We will clearly demonstrate our commitment to growing these areas into contributing revenues by 2030 and linking them to further growth beyond FY2031/3. All officers and employees of the Daicel Group will work together to achieve these goals, and we will also focus on developing the next generation of management candidates who will discuss and realize our vision for the future.

■ My Origins as a Businessperson

In 1984, I joined Daicel, which was then a mid-sized chemical manufacturer, and was assigned to the sales department of the current Materials SBU, which handles organic chemicals, and took my first steps as a member of society. During my Monozukuri Training (manufacturing training) at the plant, despite knowing little about the challenges of reaction control in organic synthesis, I engaged in a candid discussion with senior colleagues on the production floor who treated me as an equal, even though they referred to me as a bold youngster. I still have not forgotten how, when I returned to headquarters after six months of



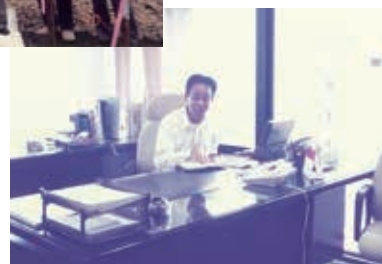
Yasuhiro Sakaki
President and CEO, Daicel Corporation

training, my seniors recognized my growth and sent me off with smiles.

The turning point came when, at 32, I was dispatched as President and CEO and sales manager to our Singapore subsidiary, which was then newly established. I spent a very intensive five and a half years there. Upon arrival, the Company was struggling with cash flows, and I worked tirelessly with the accounting staff to devise improvement strategies. During this time, Singapore was in the midst of the high economic growth period, and I experienced both the extremes of the bubble economy and the subsequent severe economic downturn triggered by the Asian financial crisis that began in Thailand. While striving to expand sales, we faced significant challenges such as order cancellations due to reduced demand, credit issues, and postponed investments, which had a significant negative impact on our business operations. However, as the Asian economies returned to a growth trajectory and the efforts made up to that point bore fruit, sales at the local subsidiary saw significant growth. These experiences provided a valuable opportunity for me to reaffirm the importance of risk management and the differences in speed among overseas companies. Within the Company, I also faced challenges in human capital development and team management, but through trial and error, I gained valuable insights, not only from successes but even more from failures. In my greeting to new employees in FY2026/3, I said, “There is growth that can only be gained through failure. I hope you will use failure as an opportunity for your own growth.” Looking back on my working life, I remember more clearly the times when I overcame crises and failed, and the many people who helped me through those times, than the times when things went smoothly. While also gaining a sense of accomplishment in my work, I was able to build relationships with many people with whom I remain close today, and this was a major turning point in my working life. These experiences formed my foundation as a businessperson and continue to serve as a source of strength in my management work.



Coal mine inspections in Australia during my time in raw material procurement, and my period in Singapore



■ Our Vision and the Daicel Group's Strengths

The goal we aim for, of course, is to realize our Basic Philosophy as “the company making lives better by co-creating value” and our Long-Term Vision of a circular society. To this end, we will continue to provide value unique to Daicel in the areas of health, safety/security, convenience/comfort, and environment, which are among the many social issues facing society today and where we can leverage the strengths of the Group.

However, in order to achieve this, it is essential that the Daicel Group maintain a strong corporate structure that can sustain growth regardless of the changes in the operating environment. Under the current Mid-Term Management Strategy, we have been accelerating the transformation of work styles by reviewing research and development and production systems in each business area, and reforming corporate organizational structures and the human resource system under the company-wide strategy of selecting and concentrating businesses through portfolio management and improving the efficiency of management through asset compression and cost reduction to continuously enhance profitability and the ability to create business.

The Daicel Group has significant strengths that cannot be easily replicated by other companies.

First, we are the only manufacturer in Japan that produces acetic acid, which has a wide range of applications, we have built a strong acetyl chain based on acetic acid, and provide products that boast top market share both in Japan and overseas. In particular, cellulose acetate, based on technologies accumulated over many years, has been widely adopted in acetate tow, polarizing protective film for liquid crystal displays, and other applications, and recently it is expected to see growing demand as an environment-friendly resin. In polymer chemistry as well, we supply engineering plastics essential for automotive weight reduction and electrification and the advancement of electronic devices, and demonstrate a global presence. At the same time, we are expanding our business in a wide range of fields, including automobile airbag inflators, pyro-fuse, and drug delivery devices, utilizing our unique pyrotechnics technology.

Furthermore, we have developed, the DAICEL Production Innovation, a plant operation support system, which has brought about dramatic improvements in the stability, safety, and productivity of chemical plant operations, as well as cost reductions. In FY2021/3, we developed the Autonomous Production System enhanced with AI and are currently implementing it in various plants. We are advancing efforts so that Daicel's manufacturing contributes not only to our own value but to that of the entire supply chain. As a first step, we are optimizing operations at our Aboshi Plant, Ohtake Plant, and Toyama Filter Tow Co., Ltd. (hereinafter, “Toyama Filter Tow”), which became a wholly owned subsidiary in April of this year, in order to optimize the entire chain from upstream raw materials such as methanol and pulp to downstream products such as acetate tow, thereby expanding the scope of value co-creation beyond the boundaries of the Group.

Another feature of the Group is that, together with universities and partner companies, we are advancing innovative technology development as with approach unique to Daicel for building a circular society. These technologies include Ultra Solar-reduction, which uses nanodiamonds to reduce CO₂ to CO and convert it into raw materials using only sunlight, a Microfluidic Device Plant, which reproduces conventional large-scale, energy-intensive chemical plants in an energy-efficient desktop size, and the Biomass Value Chain Concept, which applies technology to gently melt wood and circulate Japan's forests as a renewable resource. Although the timeframes for realizing these technologies vary, we will materialize the establishment of and exit strategies for them, and work toward their social implementation.

While expanding our business into various fields such as medicine,



electronics, automobiles, and daily necessities, the Daicel Group, which aims for groundbreaking technological innovation, may seem like a difficult-to-understand chemical company to outsiders. However, I believe that it is precisely because of these unique businesses and technological innovation capabilities that we can secure a distinctive position as an interesting chemical manufacturer that stands out from other comprehensive chemical manufacturers, and grow while balancing ecology and economy. To achieve this, we will expand our top-line revenue by strengthening our core Materials Business, which serves as the foundation for our earnings, and our Engineering Plastics Business and Safety Business, which are driving growth, while nurturing our Medical/Healthcare Business and Smart Business, which are next-generation growth initiatives, and we will then develop these five businesses into major revenue pillars. In addition, we will increase the number of businesses and product lines that contribute to society in the environment field, which is one of our focus areas. Some of these goals cannot be achieved by the Company alone, and collaborations and M&As will also be necessary. We will continue to pursue all possibilities with an open mind, refine the strengths of the Group, and work together with all employees to continue as a company full of resilience and growth potential and endowed with high potential and unique characteristics. This is how I see the Daicel Group's vision. Precisely because change is rapid and the outlook is uncertain, we at the Daicel Group will not hesitate to make a drastic transformation and move forward toward our vision.

■ Review of FY2025/3 and Outlook for FY2026/3

Looking at the current situation, although the world economy in FY2025/3 was affected by China's economic slowdown, the situations in Ukraine and the Middle East, and rising prices, the Group's main markets were supported by a recovery in demand, and for automotive- and electronics-related products we steadily captured sales

opportunities and increased volumes.

As a result, sales increased in almost all business segments, with net sales reaching 586.5 billion yen (up 5.1% year on year), marking five consecutive years of revenue growth, and EBITDA reached a record high of 102.4 billion yen (up 6.5% year on year). However, operating income was 61.0 billion yen (down 2.2% year on year) due to an operational issue that occurred at a plant for the carbon monoxide (CO), which is a raw material for acetic acid. We carried out equipment upgrades and maintenance enhancements at the CO plant in FY2025/3 and implemented permanent measures during regular maintenance in FY2026/3. Going forward, we will maintain stable operations, stabilize raw material procurement by expanding the types of coal that can be used as raw materials, and steadily realize cost advantages through the long-term oil-coal differential.

For the FY2026/3, although the global economy remains uncertain due to factors such as Trump's tariffs, the Chinese economy, and the situation in the Middle East, we expect revenue to increase due to higher sales volumes resulting from the increased production of engineering plastics, which we have invested in for growth, as well as the continued full production and sales of acetate tow. Operating income is expected to decrease due to factors such as the resolution of CO plant issues; an increase in depreciation and amortization expenses as well as temporary, but regular maintenance costs; and foreign exchange effects. However, we anticipate an increase in net profit and EPS due to the reduction of extraordinary losses from business restructuring in FY2025/3 and the continued sale of cross-shareholdings. Also, EBITDA is expected to decrease slightly but remain near the 100 billion yen level. To secure steady growth, we will continue business-structure reforms with a focus on our business portfolio, including selection and concentration of businesses, and swiftly complete short- and medium-term cost-reduction initiatives

such as lowering variable costs through process changes for key products and substantially cutting inventory costs to practice well-organized management.

Growth Strategies Focusing on the Business Portfolio

As reflected in our low PER, I recognize as a manager that a major issue for management is that expectations for the Group from outside are low on a broad level, not only in the stock market, and that we have not fully communicated our growth strategies in a way that is fully understood. In fact, although earnings have trended upward over the past five years, compared with the future vision drawn up when formulating the Mid-Term Management Strategy, businesses that were meant to become new earnings pillars have struggled to grow, resulting in an earnings structure overly dependent on certain products. As previously mentioned, the future growth strategy for the Daicel Group is to steadily reap the benefits of growth investments to boost top-line growth, and then use the generated cash to develop businesses that we expect to serve as the

next-generation earnings pillars and to increase the number of businesses that drive growth. In addition to such organic growth, we aim to raise corporate value to the next level by socially implementing innovative technologies through co-creation. We will present details of the growth strategies in the Mid-Term Management Strategy (page 24) and business strategy (page 46), but the basic concept is as shown in the figure below.

We are currently analyzing the outcomes and issues of the Mid-Term Management Strategy “Accelerate 2025,” while formulating the next Mid-Term Management Strategy that will serve as a roadmap for the FY2027/3-FY2031/3 period. The issues we place particular emphasis on are expanding the scale and improving the profitability of the Medical/Healthcare Business, which provides materials and solutions for life sciences and healthcare, and the Smart Business, which supplies products to the electronics market, and these businesses are both positioned as next-generation businesses. Both businesses boast products with world-leading market shares and several themes with promising commercial potential, and we will work to expand the businesses through appropriate resource allocation and increased speed.

Foundation

Improve productivity and pursue capital efficiency through relentless cost reduction to generate stable cash and improve ROIC

Materials Business

Growth

Promote proactive capital investment to further enhance global presence and competitiveness and contribute to a further increase in EBITDA

Safety Business

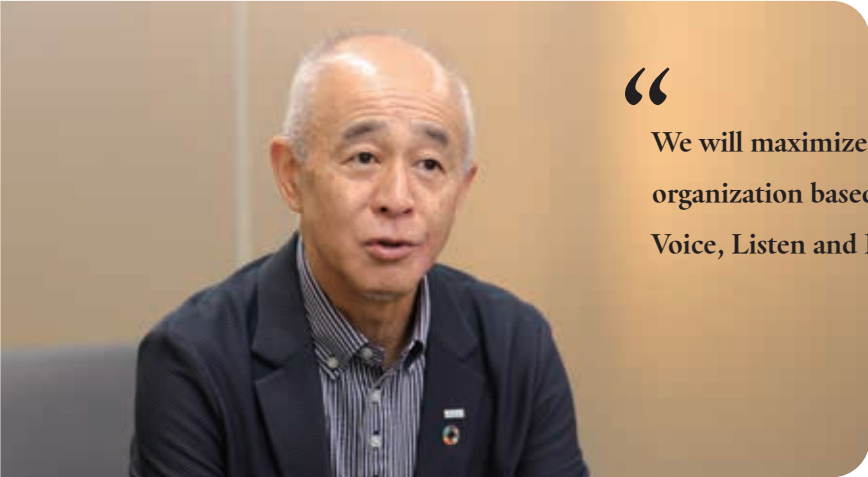
Engineering Plastics Business

Next-Generation

Expedite the effort to increase earnings while focusing on the launch of new products, development of new applications for existing products, and creation new businesses

Medical/Healthcare Business

Smart Business



“We will maximize the power of our people and organization based on the principles of Visualize, Voice, Listen and Respond workplace creation.”

Another important issue is clarifying the exit strategies for our R&D themes. We will allocate resources according to short, medium, and long-term themes and aim to contribute to earnings as soon as possible.

People and Organizations that Execute Growth Strategies

Human resources are the most important asset in corporate management. The business activities of the Daicel Group are supported by more than 10,000 employees. I believe that the driving force behind Daicel is the fact that each and every employee, with their diverse perspectives from around the world, respects and cooperates with one another, demonstrate their individual strengths, and that the growth of people is the growth of the Company. What is important is for employees themselves to think about what kind of company they want to work for and what kind of workplace they want to create, and to make daily efforts in their respective workplaces. Based on this, the Company has made continuous efforts to improve the internal workplace environment. Specifically, we have implemented various measures centered on the corporate department, including the human resource system, salary structures, welfare programs, women's empowerment, career challenges, promotion of young employees, and the active participation of senior employees. We will continue to focus on enhancing the internal environment based on people-centered management.

I have visited many companies, met management leaders and employees, and observed how they worked. Based on that experience, I believe thriving companies share one common feature. It is that middle managers, such as department heads and team leaders, act as true leaders, uniting their teams and expressed their candid opinions, even to superiors or top management. It is a form of energy that is invigorating even to onlookers.

I want the Daicel Group to be that kind of company. Of course, among the Group's middle managers, diverse human capital are active, including people with engaging personalities, with advanced skills, and who demonstrate outstanding technologies and skills. However, I believe there is still room for growth, where these individuals can further demonstrate their potential and create an organization with explosive growth. Although top-down management is important for maintaining discipline, bottom-up vitality is equally essential for developing people and organizations. We aim to be a company where leaders accumulate a wide range of experiences and learn from both successes and failures before assuming leadership roles, thereby maximizing organizational vitality through a well-balanced approach. To accelerate this development, we are also pursuing the establishment of foundational systems and mechanisms, such as a more appropriate human resource system, from the perspective of human capital investment.

As priority initiatives to enforce compliance, we are advancing the creation of Visualize, Voice, Listen and Respond workplaces where everyone can freely speak and listen to opinions, and “Bad News First & Fast,” under which matters that are hard to report or likely troubles are reported and consulted at an early stage with the team, and swift and appropriate responses are taken to minimize a negative impact, in an aim to strengthen field capabilities in an environment where individuals can work comfortably. We position these activities as important not only for

compliance but also for enabling individuals to maximize their capabilities while generating strong power as an organization and team. By fostering a corporate culture that is more open and vibrant than ever before, we believe that we will be able to promote co-creation across departments and divisions and resultantly generate innovative ideas and themes that will change the future of Daicel. We plan to incorporate new frameworks to realize this vision into our next Mid-Term Management Strategy.

To Our Stakeholders

The Daicel Group is advancing its business strategy and financial strategy in two areas: expanding the scale of its business and building a lean and robust financial structure, in order to meet the expectations of our stakeholders, including our shareholders and investors, for continued growth.

We will enhance corporate value and shareholder value by managing with a focus on asset and capital efficiency. With our aspiration to be “the company making lives better by co-creating value,” we aim to enhance our own corporate value and broaden co-creation with supply-chain partners; universities; research institutes; government bodies; industry competitors; and parties from other fields industries that share the same aspiration, to deliver greater value to society.

We will continue to deepen dialogue with and seek understanding and cooperation from various stakeholders including business partners, shareholders and investors, and local communities, working to realize people's well-being and a sustainable society.



At a Glance

We support the worldwide monozukuri manufacturing through the power of chemistry.

(As of March 31, 2025)

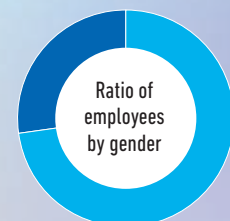
1919

Company founded

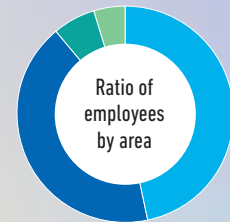
73 companies in
15 countries and regions
Number of Group companies

11,178

Consolidated number of employees



Male: 8,155 (73.0%)
Female: 3,023 (27.0%)



Japan: 5,217 (46.7%)
Asia: 4,724 (42.3%)
North America and Latin America: 714 (6.4%)
Europe: 523 (4.6%)

586.5 billion yen
Consolidated net sales

61.0 billion yen
Consolidated operating income

102.4 billion yen
EBITDA

Medical / Healthcare

► Page 48

We provide safe, high-quality healthcare materials and solutions for pharmaceutical development to a society that values quality of life.

World market leader



Chiral columns

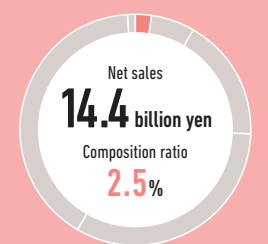
Chromatographic columns for separation of optical isomers. Contributing to the provision of safe medicine by separating active pharmaceutical components.



BELLOCEA®
(spherical cellulose acetate for cosmetics)

Its marine biodegradability is expected to contribute to solving the marine plastic waste problem in the cosmetics industry.

FY2025/3 results



Smart

► Page 50

We provide new solutions to the electronic materials market that makes life more enjoyable and fosters technical innovation.

World market leader



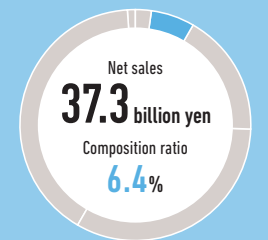
Cycloaliphatic epoxies

The world's only manufacturing process that contains no impurities and no chlorine, so it is widely used in electrical materials applications where reliability and durability are required. It is also attracting a great deal of attention for EV applications.



Solvent for electronic materials

High purity, low metal solvent production and quality control system with a proven track record in semiconductor process applications.



Safety

► Page 52

We provide safety and security to a wide range of industries with ONE TIME ENERGY® technology developed through our automobile airbag inflator business, which boasts a high global market share.

Japanese market leader



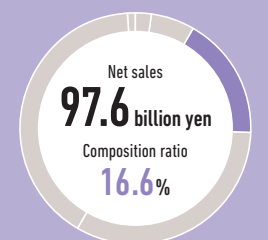
Automobile airbag inflators

Supplying the key component for automobile airbag systems that protect passengers in the event of a collision.



Pyro-Fuse

Supporting safe daily living by expanding ONE TIME ENERGY® technology (developed in the course of producing inflators) to industrial applications other than automobiles.



Materials

► Page 54

We provide value to a wide range of industries on the strength of our diverse product lineup centered on the acetyl chain.

Japanese market leader



Acetic acid

The only manufacturer of acetic acid in Japan. Acetic acid is an environment-friendly ingredient for plastic products, providing solutions as an environment-friendly material.



Acetate tow

Acetate tow made from cellulose acetate boasts the strength of integrated production from acetic acid, high quality and stable supply backed by Daicel's advanced technologies, and high reliability.



Engineering Plastics

► Page 56

We provide high-function, high-value-added solutions to a wide range of industries with our technological capabilities cultivated over the years as a pioneer in engineering plastics.

World market leader



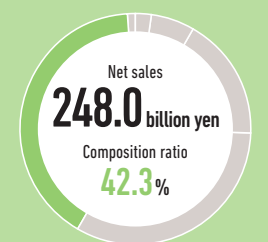
Polyacetal (POM)

Used in a wide range of applications such as automobiles, electronics and electrics, and industrial equipment, contributing to the development of the major industries of each era.



Liquid crystal polymer (LCP)

Used in many ultra-compact precision connectors for the latest IT devices, such as tablets and smartphones, which are becoming smaller and smaller, and support public infrastructure.



(Note) Figures for other segments are not included in net sales and composition ratio.

History of Daicel Group

Value Creation, Past and Present

Ever since its founding in 1919, Daicel has achieved growth by meeting the needs of society as it changes over time and developing and providing products that contribute to sustainability. Let us take a look back at the course of over 100 years of value creation as Daicel has challenged itself to achieve the ideal of *monozukuri* manufacturing.



1919- The Birth of the Cellulose Business and a New Organic Chemicals Business

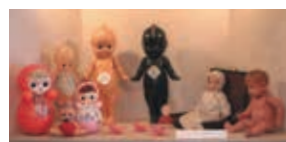


Daicel was founded in 1919 through the merger of eight celluloid companies. From the beginning, Daicel tried to make celluloid nonflammable and ended up developing acetate plastic made mainly from cellulose acetate. After establishing the Arai Plant in 1935, we then, in 1938, laid the foundations for our cellulose and organic chemicals businesses by setting up a system for consistent production of cellulose acetate from acetic acid.

Celluloid

Contributing to the development of the chemical industry

1919 Daicel was founded through the merger of eight celluloid companies. As a pioneer in the field of plastics, we contributed to the development of the Japanese chemical industry.



Cellulose acetate

Taking on the challenge of nonflammability

1938 Daicel commercialized cellulose acetate, offering a solution to flammability concerns associated with cellulose nitrate.



1950s Full-Scale Production in Our Cellulose Business



We rounded out our cellulose business in the 1950s. Production of cellulose acetate went into full operation at our Aboshi Plant in 1950. In 1953, this plant started the production of triacetyl cellulose (TAC), which contributes to fireproofing films for movies and photography and adding advanced properties to these films. Then, in 1958, our Sakai Plant began production of acetate tow for cigarette filters.

Triacetyl cellulose (TAC)

Fireproofing films for movies and photography and adding advanced properties

1953 We began producing TAC and after 2000, this business grew significantly as the material came to be used for optical film.



1960s Entry into the Petrochemical Business



During the 1960s, Daicel participated in one of Japan's first petrochemical complexes and began its petrochemical business in Hiroshima Prefecture's Otake City. With the rise of petrochemistry, new plastics saw an era of rapid growth. In the synthetic resins business, in addition to manufacturing AS resin and ABS resin, Daicel entered into a joint venture with a U.S. company to establish Polyplastics Co., Ltd. (hereinafter "Polyplastics") in 1964 and went into the Engineering Plastics business.

Polyacetal (POM)

Taking on the challenge of metal replacement

1964 Daicel began manufacturing engineering plastics, which serve as metal substitutes in various components. Their use has contributed to the development of lightweight components.



1980s Reorganization of the Acetic Acid Industry



In order to deal with a structural slump and to strengthen our main businesses, we went into the methanol carbonylation business, which was the cutting-edge technology at the time, as part of an effort to switch to raw materials that do not depend on petroleum. At that time, we started working on the concept of entrusted/entrusting manufacturing at cost-competitive plants with higher reaction efficiencies and called on existing manufacturers to launch joint projects. By completing manufacturing facilities for acetic acid using the methanol carbonylation process, we participated in the C1 Chemistry Project* and played a pivotal role in reorganizing the acetic acid industry.

* C1 Chemistry was a national project which aimed to break away from over-reliance on petroleum during the 1970s energy crisis.

Acetic acid using the methanol carbonylation process

Introducing new manufacturing methods

1980 Daicel introduced the world's third acetic acid plant that uses the methanol carbonylation process in Aboshi.



2000s Proactive Expansion of New Businesses



Daicel decided to make a full-scale entry into the automobile airbag inflator business in the 1980s and completed Japan's first inflator mass-production facility at our Harima Plant in 1988. In addition, the 1980s saw the launch of our chiral column business, and we started the sale of chiral columns having optical isomer separation functions in 1982. We established a separation and refinement center at our Aboshi Plant in 1986 and launched separation services for the separation of pharmaceutical intermediates and active pharmaceutical ingredients. In 1990, we founded Chiral Technologies, Inc. in the U.S.

Automobile airbag inflators

Provision of safety and security

1988 We commercialized inflators, core components for automobile airbag systems that protect passengers in the event of a collision.



2000s Expansion of the Inflator and TAC Businesses and Lateral Development of DAICEL Production Innovation



We have expanded our inflator business began in North America in 2000 and established bases for that purpose in six countries around the world. We have also expanded our display business by taking TAC, originally a raw material for movie and other films, and using it for manufacturing optical film. In the area of technology, we are opening the DAICEL Production Innovation system that we established at the Aboshi Plant and gradually extending it to the entire company and accelerating our process innovations. In 2017, we opened Innovation Park as a center for research and development and concentration of production technology.

DAICEL Production Innovation

Improvements in productivity

2000 We established DAICEL Production Innovation at our Aboshi Plant.



Long-Term Vision "DAICEL VISION 4.0" Mid-Term Management Strategy "Accelerate 2025"

By expanding the scope of value co-creation to include Daicel itself and our Group companies as well as our clients and customers connected in the supply chain, we aim to provide greater value to society beyond what a single company can realize and are steadily pushing ahead with the implementation of the strategy.

Toward expanding the scope of value co-creation

2020 We developed the Autonomous Production System, the evolved version of DAICEL Production Innovation using AI, jointly developed with the University of Tokyo. We seek to expand the system not only within the Group, but also across the supply chain, in order to achieve its overall optimization.

Implementing business structure transformation

2020 We implemented business organization reform. We transitioned to a market-driven organization based on the SBU* system.
2020 We made Polyplastics a wholly owned subsidiary. By doing so, we have expanded Polyplastics' options for growth strategies and further enhanced the corporate value of the Daicel Group by maximizing Group synergies.
2023 We founded Daicel Medical Ltd. and are working to obtain approval of medical equipment for jet injectors developed by applying the technologies we cultivated in the development of inflators.
2025 We made Toyama Filter Tow a wholly owned subsidiary. We integrated operations at three manufacturing bases, including our Aboshi Plant and Ohtake Plant, to strengthen the foundation of the acetate tow business

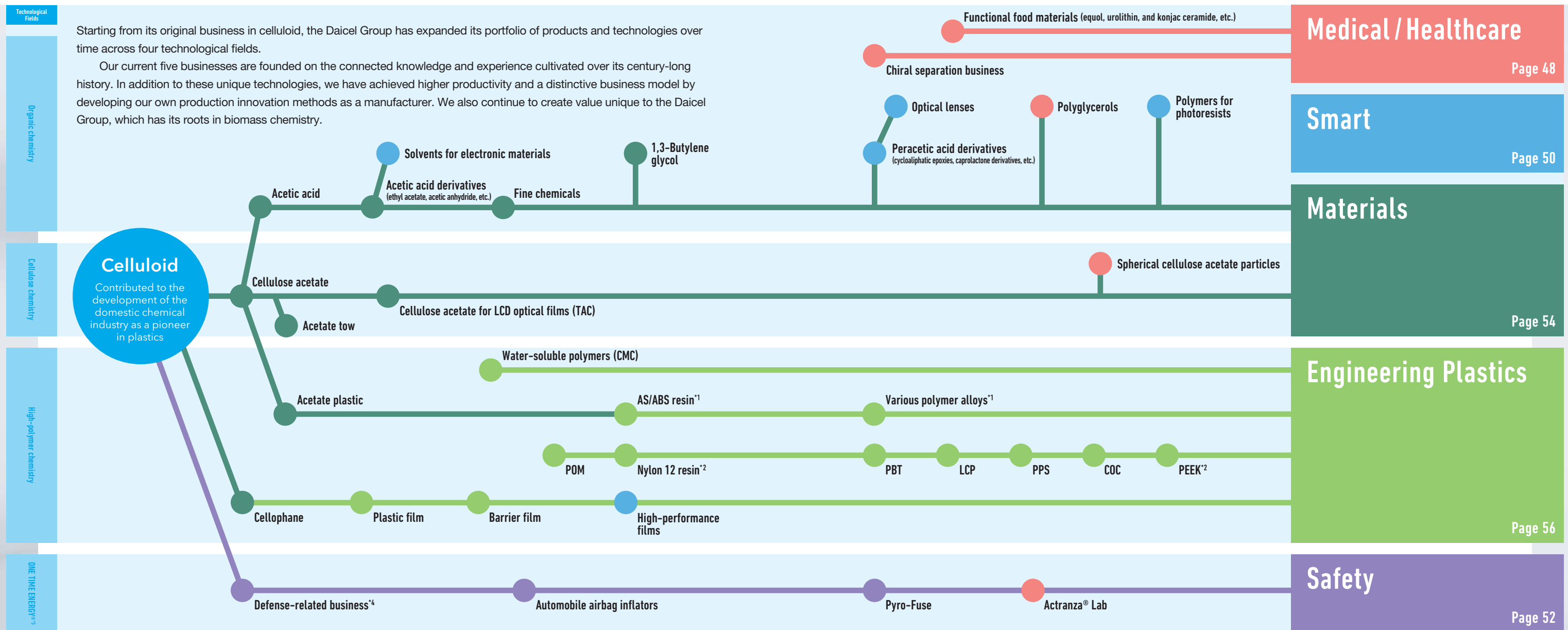
* Strategic Business Unit refers to a strategy-driven business unit designed to offer solutions that meet needs of the market.

Toward building the Biomass Value Chain

2023 Kanazawa University's Biomass Green Innovation Center started full-scale operations. We pursue the establishment of technologies to transform Japan's rich forest resources as well as byproducts and waste from primary industries into new biomass materials with value through next-generation chemical transformation processes.



Our Strengths in Terms of Product and Technology Lineage



*1 The business related to ABS resin and various polymer alloys was transferred to Novacel Co., Ltd. (equity-method affiliate) established in 2024, effective July 1, 2024. *2 Products of Polyplastics-Evonik Corporation

*3 We define the technology developed in the course of producing inflators as ONE TIME ENERGY®, which produces optimal energy safely, reliably, instantaneously, and only once, and are developing applications beyond automobiles. *4 FY2023/3: Withdrew from the business

Strengths of Daicel Group

Strength 1 Pioneer in Biomass Chemistry

Even though Daicel is a chemical manufacturer, it has worked on shifting to raw materials that do not rely on petroleum since the 1970s. As a result, our main raw materials are methanol and wood-derived pulp, while raw materials derived from crude oil account for just around 20%.

Moreover, since its founding, the Company has been an expert in biomass chemistry that makes chemicals from plant-derived raw materials, including our original celluloid business and cellulose acetate, one of our main products.

Precisely because we excel at technologies to control natural materials, we are not only providing environment-adaptive materials but also leveraging technologies that gently dissolve wood to take on the creation of new product trees that are environment-friendly both as products and manufacturing processes.

 <https://www.daicel.com/en/cellulose/>

Strength 2 Unique Technology Cultivated Since the Company's Founding

1. Acetyl Chain

We are the only acetic acid manufacturer in Japan and have built a series of distinctive acetyl chains that produce acetyl chemicals, cellulose acetate, and other acetic acid derivatives, giving our business a strong global position.

2. Cellulose

Utilizing the knowledge of handling natural materials and property control technology that we have accumulated over many years, we are developing highly functional products in a wide range of fields, centered on cellulose acetate, such as acetate fiber, filter materials, liquid crystal panel film materials, and cosmetic materials.

3. Engineering Plastics

As a specialized manufacturer of engineering plastics, we maintain a broad product lineup centered on Polyplastics Co., Ltd., and have gained a large global market share by providing solutions to our customers, drawing out the best features of these products.

4. ONE TIME ENERGY®

The pyrotechnics business developed because cellulose nitrate, the raw material for celluloid, can be used as an explosives raw materials. We have expanded this technology, which began in the defense-related business, to civilian products and are currently contributing to the safety of people's lives by applying it to a wide range of fields, including automobile airbag inflators, Pyro-Fuse, and drug delivery devices.

Strength 3 DAICEL Production Innovation

DAICEL Production Innovation supports the manufacturing foundation we have as a chemical manufacturer. By visualizing the approximately 8.4 million pieces of plant operation know-how possessed by skilled operators and incorporating them into the operation support system, production efficiency has been improved by a factor of three.⁵ Furthermore, in 2020, we developed the Autonomous Production System, an evolution of this system using AI. In addition to safety and quality, the system contributes to the reduction of CO₂ emissions by optimizing energy use, and prevents problems by predicting equipment irregularities in advance in pursuit of the ultimate in production efficiency.

*5 Results at Daicel's Aboshi Plant

 **DAICEL Production Innovation** <https://www.daicel.com/en/daicel-production-innovation/>

Value Creation Process

Basic Philosophy

The company making lives better by co-creating value

Page 04

Over its century-long history, the Daicel Group has provided products that meet the needs of the times through co-creation with diverse partners and has contributed to people's well-being. In the value creation process diagram, the three elements of inputs, which indicate invested capital, the Daicel Group's value creation capability, and outputs and outcomes as the result are arranged along the horizontal axis.

Regarding Daicel Group's value creation capability, while recognizing trends in external changes and based on Sustainable Management Policy, which is one of our important values, we have shown our thinking of providing value by combining the strengths built over the Group's history, the priorities in the Mid-Term Management Strategy, and our core businesses.

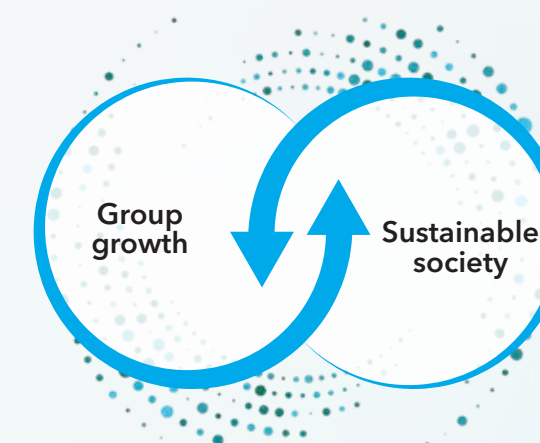
We will pursue sustainable management that is unique to Daicel, where advancing the Group's growth strategy itself is integrated with efforts to realize the sustainability of society.

Goals of the Long-Term Vision

Balancing ecology and economy through
the Group's unique contributions to the
creation of a circular society

Long-Term Vision

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INPUT

Six Forms of Capital (Invested capital for FY2025/3)

Human capital

Number of employees (female ratio) **11,178** (27.0%)
Number of R&D Personnel **1,243**
Ratio of overseas employees **53.3%**

Intellectual property

R&D expenses **25.9** billion yen
Number of patents owned Approx. **5,400**
Number of trademarks owned Approx. **2,000**

Financial assets

Total assets **813.8** billion yen
Equity ratio **44.2%**

Manufacturing capital

Capital expenditures **69.5** billion yen
Number of global production sites Approx. **35** sites

Social capital

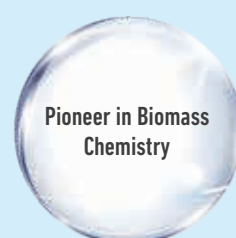
Number of group companies **73** companies
Number of engagements with investors **160** times

Natural capital

Energy consumption (in crude oil equivalent) **839** thousand kL
Water intake **101** million tonnes

Daicel Group's Value Creation Capability

Our Strengths in Terms of Product and Technology Lineage Page 16



Pioneer in Biomass
Chemistry



Unique technology
cultivated since
the company's founding



Pursuit of
production efficiency
through
DAICEL Production
Innovation

Mid-Term Management Strategy Page 24



Enhancement of
profitability



Enhancement of
business creation
capability



Solving social issues

BUSINESS STRATEGY Page 46

Medical/
Healthcare



Smart



Safety



Materials



Engineering
Plastics



Other

Sustainable Management Policy

Basic concept for setting safety, quality, and sustainable society with the growth of the Daicel

compliance as the priority foundations and balancing the pursuit of a Group's business

Trends in Social Change

OUTPUT/OUTCOME

Key Financial Indicators (FY2025/3 Results)

Net sales **586.5** billion yen
Operating income **61.0** billion yen
EBITDA **102.4** billion yen
ROIC **6.1%**
Total return ratio **63.1%**

Key Non-Financial Indicators

Addressing Social Issues Through Business Activities

Long-Term Vision
"Providing Happiness in Four Domains"

Health
Safety/Security
Convenience/Comfort
Environment

Balancing enhanced competitiveness
through technological innovation and
reduced environmental impact

DAICEL Production Innovation / Autonomous Production System
Microfluidic device plant
Ultra Solar-reduction using nanodiamonds