

The background is a white space filled with numerous circles of various sizes and colors, including red, blue, black, and grey. Two large black circles are prominent in the lower half, each containing a smaller, multi-colored circle. A blue horizontal bar is at the bottom, containing white text.

1st Quarter of Fiscal Year ending March 2024 Consolidated Financial Results

August 3, 2023

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FY2024/3 1st Quarter (Apr. to Jun.) Financial Results

Net Sales:130.8 billion yen, Operating Income:9.1 billion yen, EBITDA:16.6 billion yen

- In our plan, we expected the Group's main markets, such as electronic devices and automobile-related businesses, to recover in the second half. In the first quarter, the recovery of these markets was slower than expected. Consequently, the sales volume of many products fell short of the plan.
- On the other hand, acetate tow performed well on the back of strong demand.
- As a result, net sales in the first quarter increased year-on-year due to the above and the impact of exchange rates, and operating income decreased due mainly to decreases sales of main products.
- We will aim to achieve targets by steadily capturing sales opportunities that will increase due to future market recovery and accelerating efforts to improve annual earnings.

Financial Results

Unit : Billion Yen	23/3 1Q Results	24/3 1Q Results	Y on Y	
			Change	%
Net Sales	128.0	130.8	+2.8	+2.2%
Operating Income	13.0	9.1	-3.9	-29.8%
Ordinary Income	15.4	12.7	-2.8	-17.8%
Income Attributable to Owners of Parent	8.9	15.0	+6.1	+68.3%
Exchange Rate USD/JPY	130	137		
EBITDA	19.6	16.6	-3.0	-15.6%

- Although overall sales volume decreased due to demand for automotive applications still in the process of recovery and sluggish demand for electronic device applications, sales revenue increased due to higher sales volume of inflators and acetate tow, revision of sales prices, and the impact of foreign exchange rate fluctuations.
- Operating income decreased due to a decrease in sales volume and an increase in expenses such as regular maintenance expenses.
- Quarterly income attributable to owners of parent increased due to sale of some cross-held shares.

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

Unit : Billion Yen	Net Sales						
	23/3 1Q Results	24/3 1Q Results	Change	%	Analysis		
					Quantity	Prices	Exchange Rate Impact*
Medical / Healthcare	4.0	3.4	-0.6	-15.1%	-0.9	+0.3	+0.1
Smart	9.6	7.5	-2.0	-21.1%	-2.1	+0.1	+0.1
Safety	17.8	22.4	+4.6	+25.9%	+3.1	+1.5	+1.2
Materials	36.1	46.0	+9.9	+27.4%	-1.5	+11.4	+2.2
Engineering Plastics	58.7	50.3	-8.4	-14.3%	-9.5	+1.1	+1.4
Others	1.8	1.2	-0.6	-35.8%	-0.6	-	-
Total	128.0	130.8	+2.8	+2.2%	-11.5	+14.3	+5.1

*Exchange rate impact is included in prices.

Unit : Billion Yen	Operating Income							
	23/3 1Q Results	24/3 1Q Results	Change	%	Analysis			
					Quantity	Prices	Others	Exchange Rate Impact*
Medical / Healthcare	0.4	0.3	-0.0	-10.5%	+0.2	+0.2	-0.4	+0.1
Smart	1.1	-0.6	-1.8	-	-0.7	-0.5	-0.6	-0.0
Safety	-0.2	-0.7	-0.5	-	+1.1	-0.1	-1.5	+0.0
Materials	5.0	9.4	+4.4	+87.9%	-1.1	+8.4	-3.0	+1.2
Engineering Plastics	6.6	0.7	-5.8	-88.8%	-5.0	+0.7	-1.5	+0.1
Others	0.1	-0.0	-0.1	-	-0.1	-	-	-
Total	13.0	9.1	-3.9	-29.8%	-5.6	+8.7	-7.0	+1.3

*Exchange rate impact is included in prices and others.

Notes; Operating income by segment for FY2023/3 is the figure after segment changing in the Cosmetics Raw Material 1,3-BG (Medical / Healthcare → Material) and Novel Drug Delivery Devices R&D functions (Safety → Medical / Healthcare).

Operating Income by Segment (Y on Y Analysis)

Unit : Billion Yen		Operating Income		
		Analysis	Change	Main Factors for Operating Income Changes
Medical / Healthcare	Quantity	+0.2	(Increase) Increase in sales volume of stationary phases increased.	
	Prices	+0.2	(Increase) Impact of exchange rate fluctuations	
	Others	-0.4	(Decrease) Cost increases	
Smart	Quantity	-0.7	(Decrease) Decrease in sales volume	
	Prices	-0.5	(Decrease) Increase in raw material prices	
	Others	-0.6	(Decrease) Cost increases and inventory prices	
Safety	Quantity	+1.1	(Increase) Increase in sales volume, and increased operation rate	
	Prices	-0.1	(Decrease) Increase in raw material prices	
	Others	-1.5	(Decrease) Expenses related to consolidation of production regions and associated with new line operation	
Materials	Quantity	-1.1	(Decrease) Decrease in sales volume of acetic acid derivatives and peracetic acid derivative	
	Prices	+8.4	(Increase) Increase in sales price of acetate tow and impact of exchange rate fluctuations	
	Others	-3.0	(Decrease) Increase in expenses such as depreciation costs associated with new 1,3-BG plant operation (started in 2Q of the previous fiscal year) and inventory prices	
Engineering Plastics	Quantity	-5.0	(Decrease) Decrease in sales volume	
	Prices	+0.7	(Increase) Increase in sales prices, and impact of exchange rate fluctuations	
	Others	-1.5	(Decrease) Cost increases and inventory prices	

Notes; Operating income by segment for FY2023/3 is the figure after segment changing in the Cosmetics Raw Material 1,3-BG (Medical / Healthcare → Material) and Novel Drug Delivery Devices R&D functions (Safety → Medical / Healthcare).

Progression Rate to the Full-year Forecasts*

- Although many products were affected by the delayed recovery in demand for applications such as electronic devices and automobile parts, overall sales and operating income exceeded our plan due to sales expansion of acetate tow and the impact of exchange rates (Plan value not disclosed).
- For products with delayed market recovery, we will strive to implement recovery actions and accelerate efforts to improve annual earnings.

Statements of Income

Unit : Billion Yen	24/3 1Q Results	Progression Rate of 1H Forecasts	Progression Rate of Full year
	Net sales	130.8	48.3%
Operating income	9.1	43.4%	17.2%
Ordinary income	12.7	59.0%	23.1%
Income attributable to owners of parent	15.0	99.9%	34.1%
Exchange Rate USD/JPY	137		

Net Sales and Operating Income by Segment

Unit : Billion Yen	Net sales			Operating income		
	24/3 1Q Results	Progression Rate of 1H Forecasts	Progression Rate of Full year	24/3 1Q Results	Progression Rate of 1H Forecasts	Progression Rate of Full year
Medical / Healthcare	3.4	51.9%	25.0%	0.3	157.5%	45.0%
Smart	7.5	43.1%	18.9%	-0.6	-	-
Safety	22.4	52.7%	24.9%	-0.7	-	-
Materials	46.0	52.0%	25.8%	9.4	64.8%	37.6%
Engineering Plastics	50.3	44.3%	20.5%	0.7	13.8%	4.0%
Others	1.2	46.4%	21.1%	-0.0	-	-
Total	130.8	48.3%	22.9%	9.1	43.4%	17.2%

Note: Forecast is not revised from the previous forecast announced on May 11, 2023.

Segment Information (1st Quarter of FY2024/3)

Segment	Main Markets	Market Environment	Our Business Situation(Y on Y) and Actions
<p>Medical / Healthcare</p>	<p>Life Science</p>	<p>The demand for chiral related products remained strong, mainly in overseas markets.</p>	<p>Regarding chiral related products, the sales volume of stationary phases increased.</p> <p>The number of orders of chiral separation service increased at the production sites in China, that was affected by the impact of lockdown in the 1st quarter of the previous fiscal year. The synthesis service and sales of stock of analytical preparation products are thriving at the production site in India. The genetic analysis-related businesses remain firm under the sluggish trend in genomics market.</p> <p><future actions></p> <p>We will continuously focus on service businesses (analytical services / synthesis services / purification services) in India, and reinforce marketing and sales aimed at the steady growth of our genetic analysis-related businesses.</p> <p>We will continuously work on for early commercialization of the novel drug delivery device.</p>
	<p>Cosmetics Healthcare</p>	<p>The domestic cosmetics market stayed on its recovery trend due to the trend of increase in inbound tourists. On the other hand, the recovery in Chinese cosmetic market is slower than we expected.</p> <p>The domestic market of health food remained strong due to the trend of increase in inbound tourists.</p>	<p>Sales volume of our products for cosmetics decreased due to the delay of Chinese market recovery in demand.</p> <p>The sales in health food is thriving due to the trend of increase in inbound tourists. However, the sales volume decreased due to the carry over for some customers.</p> <p><future actions></p> <p>We will actively work on sales expansion, such as developing new customers in both cosmetic and health food businesses.</p>

Segment Information (1st Quarter of FY2024/3)



Segment	Main Markets	Market Environment	Our Business Situation(Y on Y) and Actions
Smart	<p>Electronic Devices</p> <p>Semiconductor</p>	<p>The trend in demand for LCD panels is recovering due to passing the peak of inventory adjustment. However, we expect that the demand will recover after this 2nd half in earnest.</p> <p>The semiconductor market has been sluggish from the 2nd half of the previous fiscal year. We expect the recovery in trend in this 2nd half.</p>	<p>The sales volume in TAC* decreased (Y on Y). However, the result of sales expansion for overseas customers is actualized.</p> <p>Regarding solvents for electronic materials and photoresist materials, sales volume of application for both semiconductor and LCD panel decreased.</p> <p><future actions></p> <p>We will promote further expansion of our TAC's market share and strengthen competitiveness and accelerate reduction in inventory by introducing production process improvement (filtration process). Regarding high-performance films, the profit is expected to exceed more than the result in previous fiscal year by launching new products.</p> <p>The new plant for increasing production of solvents for electronic materials started commercial operation. We will increase in sales volume by responding the recovery in demand of semiconductor and LCD panel markets and certainly get the sales opportunity by the growth in advanced semiconductor market such as for extreme ultraviolet (EUV).</p>

*TAC (Tri-acetyl cellulose) : Cellulose acetate for LCD film use

Segment Information (1st Quarter of FY2024/3)



Segment	Main Markets	Market Environment	Our Business Situation(Y on Y) and Actions
Safety	Automotive	<p>The number of production in automotive increased compared to the 1st quarter of the previous fiscal year when it was greatly affected by the impact of lockdown in China.</p>	<p>Sales volume of inflator increased due to the start of sales of new acquisition programs as well as increase in the number of production in automotive.</p> <p>The improvement of productivity at the global production sites including North America is in progress as planned.</p> <p><future actions></p> <p>We will complete the consolidation of production regions within this fiscal year. We also promote the autonomy of manufacturing lines to get more competitiveness in North America.</p> <p>The new production site in India will start commercial operation in this 2nd half. We will certainly get the sales opportunity by the increase in demand of inflator stem from the mandatory of six car airbag regulation.</p>

Segment Information (1st Quarter of FY2024/3)

Segment	Main Markets	Market Environment	Our Business Situation(Y on Y) and Actions
Materials	Raw Materials for Resins and Inks, Solvents for Paints	Demand for PTA and VAM, as well as solvents for LCDs and electronic materials, has remained sluggish since the second half of the previous fiscal year. The recovery in demand is expected to start from the second half of this fiscal year. Acetic acid market condition has remained weak from the previous fiscal year.	Sales volume of acetic acid and acetic acid derivatives decreased due to decline in demand. Sales prices also weakened due to the declining acetic acid market condition. <future actions> Strengthen efforts to expand sales, including spot sales. Acetic acid raw material (carbon monoxide) plant is scheduled to start operation in December 2023.
	Fiber Filter	Although the number of global cigarette production volume is expected to remain flat as the previous fiscal year, the demand for heat-not-burn cigarettes increased. For that reason, the demand for acetate tow remained strong.	Increased sales volume of acetate tow by expanding supply capacity through full utilization of existing facilities to meet increasing demand for heat-not-burn cigarettes. Sales prices increased due to correction of sales prices in response to an increase in demand. <future actions> Continue to meet strong demands from customers
	Raw Materials for Electrical Materials and Coatings	Caprolactone derivatives: Demand for urethane in existing applications for Chinese market decreased. Epoxy compounds: Demand for electronic substrate applications remains weak as the previous fiscal year. The recovery in demand for LCD applications is not as fast as we expected.	Sales volume of caprolactone derivatives decreased due to sluggish demands in China. Sales volume of epoxy compounds decreased due to slow market recovery. <future actions> Regarding caprolactone derivatives, we will focus on high-priced, high-performance applications such as paint protection film for automotive to expand sales. Proceed actions for sales expansion of epoxy compounds for OLED encapsulants and new FRP applications

Segment Information (1st Quarter of FY2024/3)

Segment	Main Markets	Market Environment	Our Business Situation(Y on Y) and Actions
Materials	Cosmetics	Although the recovery of cosmetics market in China has been slower than expected, the domestic cosmetics market continues to recover, due mainly to the increase in inbound tourists.	<p>1,3-BG sales volume increased due to an increase in domestic demand for inbound tourists.</p> <p><future actions> Work to expand the market share of 1,3-BG in China, Europe and United States to increase sales volume.</p>
Engineering Plastics	Automobile Component	Automotive production volume exceeded that of the same period of the previous fiscal year. Certainly, there are signs of recovery in demand as customers' inventory adjustments are coming to an end. However, the demand for automotive components and materials remained weak in this 1st quarter. The demand is expected to gradually recover from the second quarter of this fiscal year onward.	<p>Sales volume declined because the demand for automotive application was on the way of recovery and the demand for electrical devices was sluggish.</p> <p>Large-scale periodic repair conducted in Malaysia plant. (Not implemented in the previous fiscal year.)</p> <p><future actions></p>
	Electricity, Electronic Devices and Precision Machines	Production related to electronic devices such as smartphones and PCs, home appliances, servers, and other telecommunication infrastructure equipment continues to be sluggish from the previous fiscal year. Recovery in production is expected to start from the second half of this fiscal year onward.	<p>There are concerns that the slump in demand for non-automotive applications in mainly China, will be more prolonged than we expected. We will implement appropriate measures to recover sales volume such as sales expansion of general-purpose grade and at the same time, thorough cost reduction.</p>

Actions for Achievement of Targets and Future Growth

Accelerate the following actions in the segments where the market environment in the 1st quarter was more severe than expected and performance recovery was delayed, aiming at achieving the full-year forecast and to lead to future growth.

<p>Smart</p>	<ul style="list-style-type: none"> • Strengthen competitiveness of TAC by a quality improvement on introducing production process improvement (filtration process) and taking full advantage of low-grade pulp • Recovery in sales volumes of TAC by expanding its market share against the slow recovery in LCD panel market
<p>Safety</p>	<ul style="list-style-type: none"> • Increase in sales volumes by recovery in demand in Japan and Europe market, coming to an end of inventory adjustments in China market and acquiring new programs • Reduce costs per investment and lead time for construction of facility further for responding market in China with great demand in automotive including electrical vehicle (EV) • Complete the consolidation of production regions within this fiscal year and promote the autonomy of manufacturing lines to get more competitiveness in North America
<p>Engineering Plastics</p>	<ul style="list-style-type: none"> • Getting back customers who we could not provide our products due to the shortage of inventory in Covid-19 (POM, LCP) • Maintain sales volume through flexible production and pricing system in response to the trend in recovery in demand for automotive (POM) • Sales expansion of newly developed domains, such as POM for medical use and for biotechnology for multinational enterprises in Europe, United States and China • Develop new applications for materials for thermal management of electrical vehicle (POM) • Focus on to the growing market (5G / 6G) and developing new applications (LCP) • Cost reduction by an improvement of occupancy rate and a review of maintenance program in consideration of production status

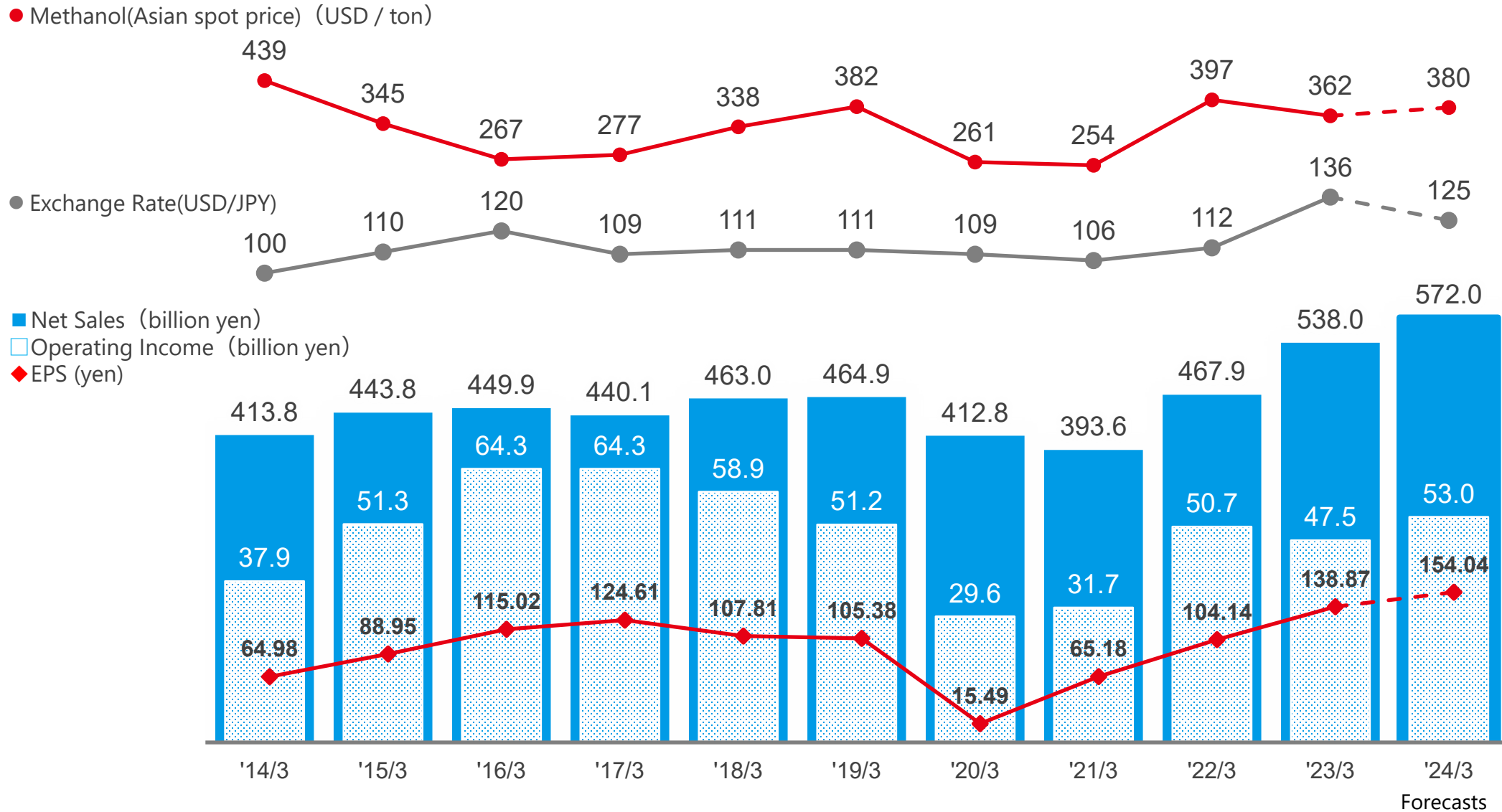
Balance Sheet

Unit : Billion Yen		Mar. 31, 2023	Jun. 30, 2023	Change
Total Current Assets		406.6	408.8	+2.2
	Cash, Deposits and Short-term Investment Securities	93.8	98.8	+5.0
	Notes and Accounts Receivable-trade	101.5	97.2	-4.4
	Inventories	177.2	179.8	+2.6
	Other	34.1	33.1	-1.0
Total Non-Current Assets		359.0	375.9	+16.9
	Property, Plant and Equipment	256.1	268.3	+12.2
	Intangible Fixed Assets	11.2	11.5	+0.3
	Investments and Other Assets	91.7	96.1	+4.4
Total Assets		765.6	784.7	+19.1
Liabilities		455.2	449.1	-6.1
	Interest-bearing Liabilities	322.0	311.3	-10.6
	Other	133.2	137.8	+4.6
Total Net Assets		310.4	335.6	+25.2
Total Liabilities and Net Assets		765.6	784.7	+19.1

- The total asset increased 19.1 billion yen; 22.4 billion yen of total assets increased because of exchange rate fluctuation.
- Property, Plant and Equipment increased due mainly to newly investment for increase in product capacity of POM, LCP and COC in Polyplastics.
- We sold part of cross-shareholdings. We will continue to promote asset-light initiatives, including the disposal of non-business assets.
- Interest-bearing debt decreased because of an increase in liquidity on hand.

Appendix

Trend in Net Sales, Operating Income, and EPS



(Note) Forecast is not revised from the previous forecast announced on May 11, 2023.

Quarterly Results for Sales and Operating income

		Net Sales				
		2023/3				2024/3
Unit : Billion Yen		1Q	2Q	3Q	4Q	1Q
Medical / Healthcare		4.0	4.1	4.4	4.2	3.4
Smart		9.6	6.6	7.1	6.4	7.5
Safety		17.8	22.0	22.4	21.9	22.4
Materials		36.1	39.1	42.4	43.2	46.0
Engineering Plastics		58.7	64.8	59.5	55.0	50.3
Others		1.8	1.7	2.6	2.9	1.2
Total		128.0	138.3	138.3	133.5	130.8

		Operating Income				
		2023/3				2024/3
Unit : Billion Yen		1Q	2Q	3Q	4Q	1Q
Medical / Healthcare		0.4	0.4	0.6	-0.0	0.3
Smart		1.1	-0.8	-0.6	-0.4	-0.6
Safety		-0.2	0.2	1.4	-0.9	-0.7
Materials		5.0	5.4	2.5	7.8	9.4
Engineering Plastics		6.6	7.9	6.4	4.4	0.7
Others		0.1	0.0	0.2	0.0	-0.0
Total		13.0	13.0	10.5	10.9	9.1

(Note) Operating income by segment for FY2023/3 is the figure after segment changing in the Cosmetics Raw Material 1,3-BG and Novel Drug Delivery Devices R&D functions.

Financial Forecasts (FY ending March 2024)

Unit : Billion Yen		2023/3 Results *2			2024/3 Forecasts *2			Change (B)-(A)
		1st Half	2nd Half	Total(A)*	1st Half	2nd Half	Total(B)	
	Medical / Healthcare	8.0	8.6	16.6	6.5	7.0	13.5	-3.1
	Smart	16.2	13.4	29.6	17.5	22.5	40.0	+10.4
	Safety	39.7	44.2	84.0	42.5	47.5	90.0	+6.0
	Materials	75.2	85.5	160.8	88.5	89.5	178.0	+17.3
	Engineering Plastics	123.6	114.5	238.1	113.5	131.5	245.0	+6.9
	Others	3.5	5.5	9.1	2.5	3.0	5.5	-3.6
Net Sales		266.2	271.8	538.0	271.0	301.0	572.0	+34.0
	Medical / Healthcare	0.7	0.6	1.3	0.2	0.5	0.7	-0.6
	Smart	0.4	-1.0	-0.6	0.0	0.5	0.5	+1.1
	Safety	-0.0	0.5	0.5	1.0	7.0	8.0	+7.5
	Materials	10.4	10.3	20.7	14.5	10.5	25.0	+4.3
	Engineering Plastics	14.5	10.9	25.3	5.3	13.2	18.5	-6.8
	Others	0.1	0.2	0.3	0.0	0.3	0.3	-0.0
Operating Income		26.0	21.5	47.5	21.0	32.0	53.0	+5.5
Ordinary Income		30.2	21.8	52.0	21.5	33.5	55.0	+3.0
Income Attributable to Owners of Parent		22.2	18.5	40.7	15.0	29.0	44.0	+3.3
(ref.) Exchange rate USD/JPY		134	137	136	125	125	125	

(Note 1) Reflects segment changes in the Cosmetics Raw Material 1,3-BG and Novel Drug Delivery Devices R&D functions in FY2023/3.

(Note 2) Forecast is not revised from the previous forecast announced on May 11, 2023.

Assumptions

		2023/3 (Results)		2024/3 (Forecasts)		2024/3 (Results)
		1 st Half	2 nd Half	1 st Half	2 nd Half	1 st Quarter
Exchange rate (USD/JPY)		134	137	125	125	137
Raw Materials	Methanol Asian spot price (USD/ton)	374	349	380	380	305
	Crude Oil Dubai (USD/bbl.)	102	83	90	90	78
	Domestic Naphtha (JPY/kl)	83,750	69,500	68,000	68,000	67,000*

* Forecast value as of August 3, 2023

Notes Regarding Forward-Looking Statements

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