The background is a white space filled with numerous circles of various sizes and colors, including red, blue, black, and grey. Some circles are solid, while others are semi-transparent or have a textured appearance. The circles are scattered across the entire page, creating a dynamic and abstract pattern.

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

November 2, 2023

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FY2024/3 1H Financial Results

Net Sales 271 bn yen、 Operating Income 26.6 bn yen、 EBITDA 41.9 bn yen

- <vs Forecasts> Sales revenue was in line with forecasts due to the effects of depreciation of the yen, despite the impacts of weak demand in the electronic device market and inventory adjustments by auto parts manufacturers.
- <vs Forecasts> Operating income and EBITDA exceeded the forecast due to increased production of acetate tow, which has strong demand, measures to recover sales volume in each business, and thorough cost reductions, in addition to the weaker yen and lower raw material and fuel prices than expected. (**Operating income +5.6 bn yen, EBITDA +5.4 bn yen**)

FY2024/3 Revised Forecasts

Net Sales 562 bn yen、 Operating Income 61 bn yen、 EBITDA 97 bn yen、 ROIC 6.3%、 EPS 188.84yen

- Although products demand of Engineering Plastics is on a recovery trend, the forecast of sales revenue has been revised downward because sales volume is expected to be lower than the previous forecasts due to further delays in the recovery of the display and semiconductor markets, which were originally expected to recover from the third quarter, as well as the decline in sales volume for the first half.
- Operating income and EBITDA have been revised upward by reviewing foreign exchange and raw material and fuel price assumptions and implementing measures to improve profitability in each business. (vs Previous forecasts — **Operating income +8 bn yen, EBITDA +8 bn yen**)
- We will definitely implement the profit improvement measures such as expansion of the share and development of new customers in each business, as well as consolidation of production region in Safety Business.

Shareholders Return

- Interim dividends : **25 yen per share**
(increase by **3 yen** from forecasts / increase by **7 yen** from previous fiscal year)
- Revised year-end dividends forecasts : **25 yen per share**
(Increase by **3 yen** from forecasts / increase by **5 yen** from previous fiscal year, **Annual: 50 yen per share**)
- Decided to purchase treasury stock of **15 bn yen for 13 mn shares** (From Nov. 2023 to Mar. 2024).

Financial Results

Unit : Billion Yen

	23/3 1H Results	24/3 1H Forecasts	24/3 1H Results	Y on Y		vs Forecasts	
				Change	%	Change	%
Net Sales	266.2	271.0	271.0	+4.8	+1.8%	+0.0	+0.0%
Operating Income	26.0	21.0	26.6	+0.6	+2.2%	+5.6	+26.7%
Ordinary Income	30.2	21.5	30.7	+0.5	+1.5%	+9.2	+42.8%
Income Attributable to Owners of Parent	22.2	15.0	29.8	+7.5	+34.0%	+14.8	+98.3%
Exchange Rate USD/JPY	134	125	141				
E B I T D A	40.3	36.5	41.9				

<Y on Y>

- Sales revenue increased due to recovery in auto production, increased volume and price corrections in acetate tow, and exchange rate effects, despite the impact of inventory adjustments in the auto parts market and sluggish demand in the electronic device market.
- Operating income, ordinary income, and EBITDA increased due to price corrections in acetate tow, decreases in raw material and fuel prices, the impact of foreign exchange rate, and thorough cost reductions, despite decreases in sales volume for electronic device applications, and increases in costs due to closure of Safety's North American plant and large-scale periodic repair of Engineering Plastics' Malaysia plant.
- Income attributable to owners of parent increased due to sale of some cross-held shares.

<vs Forecasts>

- Although sales volume fell short due to sluggish demand in the electronic device market and inventory adjustments by auto parts manufacturers, we took measures to recover volume by cultivating new markets and new applications for each product. Because of these measures and the impact of exchange rates, sales revenue was in line with our forecasts.
- Operating income and EBITDA exceeded the forecasts due to implementations of profit improvement actions such as thorough cost reductions, in addition to the weaker yen and lower raw material and fuel prices than expected.

Net Sales and Operating Income by Segment

Unit : Billion Yen	Net Sales						
	23/3 1H Results	24/3 1H Forecasts	24/3 1H Results	Y on Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	8.0	6.5	6.9	-1.2	-14.4%	+0.4	+5.8%
Smart	16.2	17.5	14.7	-1.5	-9.2%	-2.8	-16.1%
Safety	39.7	42.5	47.1	+7.4	+18.6%	+4.6	+10.9%
Materials	75.2	88.5	91.1	+15.9	+21.2%	+2.6	+3.0%
Engineering Plastics	123.6	113.5	108.7	-14.9	-12.0%	-4.8	-4.2%
Others	3.5	2.5	2.5	-1.0	-29.2%	-0.0	-0.4%
Total	266.2	271.0	271.0	+4.8	+1.8%	+0.0	+0.0%

Unit : Billion Yen	Operating Income						
	23/3 1H Results	24/3 1H Forecasts	24/3 1H Results	Y on Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	0.7	0.2	0.5	-0.2	-31.5%	+0.3	+140.5%
Smart	0.4	0.0	-1.1	-1.5	-	-1.1	-
Safety	-0.0	1.0	-0.1	-0.1	-	-1.1	-
Materials	10.4	14.5	21.1	+10.7	+103.3%	+6.6	+45.6%
Engineering Plastics	14.5	5.3	6.1	-8.3	-57.6%	+0.8	+15.6%
Others	0.1	0.0	0.1	+0.0	+3.4%	+0.1	-
Total	26.0	21.0	26.6	+0.6	+2.2%	+5.6	+26.7%

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).

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

Unit : Billion Yen	Net Sales						
	23/3 1H Results	24/3 1H Results	Change	%	Analysis		
					Quantity	Prices	Exchange Rate Impact*
Medical / Healthcare	8.0	6.9	-1.2	-14.4%	-1.5	+0.3	+0.2
Smart	16.2	14.7	-1.5	-9.2%	-1.8	+0.4	+0.2
Safety	39.7	47.1	+7.4	+18.6%	+5.7	+1.7	+1.1
Materials	75.2	91.1	+15.9	+21.2%	-3.3	+19.2	+3.8
Engineering Plastics	123.6	108.7	-14.9	-12.0%	-13.6	-1.3	+3.0
Others	3.5	2.5	-1.0	-29.2%	-1.0	-	-
Total	266.2	271.0	+4.8	+1.8%	-15.5	+20.3	+8.3

*Exchange rate impact is included in prices.

Unit : Billion Yen	Operating Income							
	23/3 1H Results	24/3 1H Results	Change	%	Analysis			
					Quantity	Prices	Others	Exchange Rate Impact*
Medical / Healthcare	0.7	0.5	-0.2	-31.5%	+0.2	+0.2	-0.6	+0.1
Smart	0.4	-1.1	-1.5	-	-0.4	+0.0	-1.1	-0.0
Safety	-0.0	-0.1	-0.1	-	+2.1	-0.3	-1.9	+0.0
Materials	10.4	21.1	+10.7	+103.3%	-1.2	+17.8	-5.8	+2.0
Engineering Plastics	14.5	6.1	-8.3	-57.6%	-6.8	-0.2	-1.4	+0.8
Others	0.1	0.1	+0.0	+3.4%	+0.0	-	-	-
Total	26.0	26.6	+0.6	+2.2%	-6.1	+17.5	-10.9	+2.9

*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
Medical / Healthcare	Quantity	+ 0.2	(Increase) Increase in sales volume of cosmetic ingredients, health hoods, and stationary phases.
	Prices	+ 0.2	(Increase) Impact of exchange rate fluctuations
	Others	- 0.6	(Decrease) Increases in expenses such as marketing expenses
Smart	Quantity	- 0.4	(Decrease) Decrease in sales volume of high-performance films, solvents for electronic materials and photoresist materials
	Prices	+ 0.0	(Increase) correction of sales prices corresponding to rise in prices of raw materials such as pulp
	Others	- 1.1	(Decrease) Increases in expenses such as depreciation costs associated with new plant operation (solvents for electronic materials)
Safety	Quantity	+ 2.1	(Increase) Regarding inflator, increase in sales volume and increased operation rate
	Prices	- 0.3	(Decrease) Rise in raw material prices continuously, despite progressing with sales price corrections
	Others	- 1.9	(Decrease) Expenses related to consolidation of production regions and associated with increases in production
Materials	Quantity	- 1.2	(Decrease) Decrease in sales volume of acetic acid derivatives and peracetic acid derivative
	Prices	+ 17.8	(Increase) Increase in sales price of acetate tow and impact of exchange rate fluctuations
	Others	- 5.8	(Decrease) Inventory prices
Engineering Plastics	Quantity	-6.8	(Decrease) Decrease in sales volume mainly in the first quarter
	Prices	- 0.2	(Decrease) Decrease in selling prices due to decline in prices of raw materials such as methanol
	Others	-1.4	(Decrease) Increases in expenses such as large-scale periodic repair expenses, 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).

Segment Information – 1st Half Results

Segment	Main Markets	Market Environment	Our Business Situation(Y on Y) and Actions
Medical / Healthcare	Life Science	The demand for chiral related products remained strong, mainly in overseas markets.	Regarding chiral related products, the sales volume of stationary phases increased. The number of orders of chiral separation service increased at the production site in China, that was affected by the impact of lockdown in the 1 st half of the previous fiscal year. The synthesis service and sales of stock of analytical preparation products performed well at the production site in India.
	Cosmetics Healthcare	Despite the delay of demand recovery in Chinese market, the domestic cosmetics and health food market continued to be in recovery trend due to an increase in inbound tourists.	Sales volume of our products for cosmetics increased due to an increase in inbound tourists. Sales of health food products were strong, mainly our focus area, intestinal metabolites.

Segment Information – 1st Half Results

Segment	Main Markets	Market Environment	Our Business Situation(Y on Y) and Actions
Smart	Electronic Devices Semiconductor or	The trend in demand for LCD panels has been recovering due to the progress in inventory adjustment, although demand for final products is lower than our forecast at the beginning of this fiscal year. Semiconductor market has continued to sluggish demand.	Sales volume of TAC increased due to a production recovery of LCD panels and an increase in market share by sales expansion for overseas customers. Sales volume of high-performance films declined due to delay in responding to changes in base materials for films for special monitor and a decrease in demand in the European and U.S. TV markets. Sales volume of solvents for electronic materials and photoresist materials decreased for semiconductor applications, especially for memory. Increased production plant for solvents for electronic materials started operation from 2Q, expanding market share and strengthening new customer development.
Safety	Automotive	The number of production in automotive increased compared to the 1 st half of the previous fiscal year when it was greatly affected by an impact of lockdown in China.	Sales volume of inflator increased due to an increase in the number of production in automotive as well as the start of sales of new acquisition programs. Temporary expenses were incurred due to a closure of a production site. The consolidation of production regions scheduled for completion in October 2023, progresses as planned.

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

Segment Information – 1st Half Results

Segment	Main Markets	Market Environment	Our Business Situation(Y on Y) and Actions
Materials	Raw Materials for Resins and Inks, Solvents for Paints	<p>Demand for PTA and VAM, as well as applications for LCDs and electronic materials, has remained sluggish since the previous fiscal year.</p> <p>Acetic acid market condition has remained weak since the previous fiscal year.</p>	<p>Sales price of acetic acid decreased due to a decline of its market condition. Sales price of acetic acid derivatives was also sluggish. Sales volume of acetic acid derivatives decreased due to a sluggish demand.</p> <p>In response to the sluggish demand, we increased temporary sales of acetic acid and expanded sales of acetic acid and acetic acid derivatives to regions and markets with strong demand.</p>
	Fiber Filter	<p>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.</p>	<p>Sales volume of acetate tow increased by expanding supply capacity through full utilization of existing facilities to meet increasing demand for heat-not-burn cigarettes.</p> <p>Sales price of acetate tow increased due to a correction of sales price in response to an increase in demand.</p>
	Raw Materials for Electrical Materials and Coatings	<p>Caprolactone derivatives: Demand for urethane in existing applications decreased.</p> <p>Epoxy compounds: Demand for electronic substrate and LCD applications fell down compared to our forecast.</p>	<p>Sales volume of caprolactone derivatives decreased due to a sluggish demand for Chinese market.</p> <p>Sales volume of epoxy compounds decreased due to a delay of market recovery.</p> <p>We promoted a sales expansion into high-value-added area, such as caprolactone derivatives into automotive paint protection film (PPF) and epoxy compounds into OLED encapsulants and base material for FRP applications.</p>

Segment Information – 1st Half Results

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.	Sales volume of 1,3-BG increased due to an increase in domestic demand for inbound tourists.
Engineering Plastics	Automotive components	The number of automotive production exceeded the previous fiscal year. However, regarding the demand for automotive components and materials, the inventory adjustment of customers has been continued until the beginning of 2 nd quarter.	The number of sales volume decreased due to a continuous weak demand for automotive components until 1 st quarter and a slowdown in demand for electronic devices, even though the demand for automotive components recovered from 2 nd quarter due to the end of inventory adjustment of customers.
	Electricity, Electronic Devices and Precision Machines	The production of electronic devices such as smartphone and PCs, home appliances, servers, and other telecommunication infrastructure equipment has remained sluggish from the previous fiscal year.	Large-scale periodic repair conducted in Malaysia plant. (Not implemented in the previous fiscal year.) We will both implement appropriate measures to recover sales volume such as sales expansion to the low-end markets and promote thorough cost reduction.

Balance Sheet

Unit : Billion Yen		Mar. 31, 2023	Sep. 30, 2023	Change
Total Current Assets		406.6	418.0	+11.4
	Cash, Deposits and Short-term Investment Securities	93.8	97.6	+3.8
	Notes and Accounts Receivable-trade	101.5	109.8	+8.3
	Inventories	177.2	183.3	+6.1
	Other	34.1	27.3	-6.8
Total Non-Current Assets		359.0	390.6	+31.7
	Property, Plant and Equipment	256.1	282.8	+26.7
	Intangible Fixed Assets	11.2	11.4	+0.2
	Investments and Other Assets	91.7	96.4	+4.7
Total Assets		765.6	808.6	+43.0
Liabilities		455.2	453.4	-1.8
	Interest-bearing Liabilities	322.0	304.3	-17.7
	Other	133.2	149.1	+15.9
Total Net Assets		310.4	355.2	+44.8
Total Liabilities and Net Assets		765.6	808.6	+43.0

- The total asset increased 43 billion yen; 32.2 billion yen of total assets increased because of exchange rate fluctuation.
- Property, Plant and Equipment increased due mainly to newly investment for increase in production 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.

Cash Flow Statement

Unit : Billion Yen

		23/3 1H	24/3 1H	Change
	Cash Flows from Operating Activities	7.8	49.2	+41.4
	Cash Flows from Investing Activities	-17.2	-26.8	-9.6
Free Cash Flows		-9.4	22.4	+31.9
Cash Flows from Financing Activities		1.2	-28.1	-29.3
Other		5.9	5.1	-0.8
Net Increase (Decrease) in Cash and Cash Equivalents		-2.4	-0.6	+1.8
Cash and Cash Equivalents at End of Period		85.6	92.9	+7.3

- Cash Flows from Operating Activities: +49.2**
 Cash flow for the same period of previous fiscal year decreased due to an increase in inventories resulting from the weaker yen, higher raw material and fuel prices, and strategic inventory buildup. This term saw a significant increase in cash flow compared to the same period of previous fiscal year due to the impact of increased profits in addition to a small increase in inventories.
- Free cash flow increased 31.9 billion yen from the same period of previous fiscal year.
- Cash Flows from Investing Activities: -26.8**
 We made aggressive capital investments and sold cross-shareholdings.
- Cash Flows from Financing Activities: -28.1**
 Interest-bearing debt decreased because of an increase in liquidity on hand

Forecasts / Analysis of EBITDA

Unit : Billion Yen

	23/3 Results	24/3 Forecasts	24/3 Revised forecasts	Y on Y		vs Forecasts	
				Change	%	Change	%
Net Sales	538.0	572.0	562.0	+24.0	+4.5%	-10.0	-1.7%
Operating Income	47.5	53.0	61.0	+13.5	+28.4%	+8.0	+15.1%
Ordinary Income	52.0	55.0	65.5	+13.5	+25.9%	+10.5	+19.1%
Income Attributable to Owners of Parent	40.7	44.0	54.0	+13.3	+32.7%	+10.0	+22.7%
Exchange Rate USD/JPY	136	125	138				

	23/3 Results	24/3 Forecasts	24/3 Revised forecasts
EBITDA	79.1	89.0	97.0
ROE	14.3%	14.5%	17.5%
ROIC	5.3%	5.6%	6.3%
ROA	5.6%	5.7%	6.9%
EPS (Yen)	138.87	154.04	188.84

Analysis of EBITDA



(vs Previous Forecasts)

- We have upwardly revised our consolidated earnings forecast for the full fiscal year, based on the operating results for six months(Apr. to Sep.) of the current consolidated period, foreign exchange rate, demand forecasts and procurement prices of raw materials.
- Sales revenue are expected to be slightly lower than previous forecasts. However, operating income and EBITDA are expected to increase significantly.
- Although demand for many products, such as application for electronic devices, is expected to remain sluggish, we will work to expand sales and reduce costs to achieve our business performance forecasts. In order to achieve the medium-term management strategy and achieve further growth, we will expand the market share of existing products, cultivate new customers, develop new products, improve manufacturing methods that will improve quality and reduce costs, and complete the consolidation of production region in Safety Business.
- ROIC and EPS are expected to rise due to further reductions in non-business assets, in addition to an increase in operating income.

Analysis of EBITDA (vs Previous Forecasts)

- **<Quantity>** Although products demand is on a recovery trend, sales volume is expected to be lower than previous forecasts due to further delays in the recovery of the display and semiconductor markets, which were originally expected to recover from the third quarter, as well as the failure to achieve sales volume plans for the first half.
- **<Prices>** Raw material and fuel prices are expected to remain at lower levels than previous forecasts. In addition, we will work to maintain product sales prices.
- **<Expense Variance and Others>** Expense Variance and Others are expected to increase due to the impact of increases in inventory prices and a temporary expenses associated with the closure of Safety Business's plant in North America, despite the thorough cost reductions such as taking outsourced work in-house.
- **<Exchange Rate Impact>** Previous Forecasts: ¥ 125/US\$, Revised Forecasts: ¥ 138/US\$

Net Sales and Operating Income by Segment

Unit : Billion Yen	Net Sales						
	23/3 Results	24/3 Forecasts	24/3 Revised forecasts	Y on Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	16.6	13.5	14.0	-2.6	-15.6%	+0.5	+3.7%
Smart	29.6	40.0	33.0	+3.4	+11.5%	-7.0	-17.5%
Safety	84.0	90.0	96.0	+12.0	+14.3%	+6.0	+6.7%
Materials	160.8	178.0	180.5	+19.8	+12.3%	+2.5	+1.4%
Engineering Plastics	238.1	245.0	233.0	-5.1	-2.1%	-12.0	-4.9%
Others	9.1	5.5	5.5	-3.6	-39.2%	-	-
Total	538.0	572.0	562.0	+24.0	+4.5%	-10.0	-1.7%

Unit : Billion Yen	Operating Income						
	23/3 Results	24/3 Forecasts	24/3 Revised forecasts	Y on Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	1.3	0.7	1.0	-0.3	-20.6%	+0.3	+42.9%
Smart	-0.6	0.5	-1.1	-0.5	-	-1.6	-
Safety	0.5	8.0	4.3	+3.8	+731.7%	-3.7	-46.3%
Materials	20.7	25.0	37.5	+16.8	+81.0%	+12.5	+50.0%
Engineering Plastics	25.3	18.5	19.0	-6.3	-24.9%	+0.5	+2.7%
Others	0.3	0.3	0.3	-0.0	-13.5%	-	-
Total	47.5	53.0	61.0	+13.5	+28.4%	+8.0	+15.1%

EBITDA	
23/3 Results	24/3 Revised forecasts
2.9	2.1
2.1	2.5
7.1	11.4
32.0	53.0
34.0	27.2
0.9	0.8
79.1	97.0

* The forecasts were announced on November 2, 2022.

Segment Information – 2nd Half Forecasts

Segment	Main Markets	Market Environment Outlook	Our Forecasts (vs Previous Forecasts) and Actions
Medical / Healthcare	Life Science	Strong demand for chiral related products is expected to continue, especially in overseas markets.	Sales of chiral related products are expected to exceed the forecast due to strong sales of stationary phases. Ensure robust demand for the synthesis service and sales of stock of pharmaceutical standard products business in India, which are expanding markets.
	Cosmetics Healthcare	Domestic cosmetics market is expected to continue to recover due to the influence of inbound tourists. The recovery of Chinese cosmetics market is expected to be slower than the previous forecast. Domestic health food market remains strong due to the influence of inbound tourists.	[Cosmetics] Despite the sluggishness in Chinese market, sales volume is expected to exceed the forecast due to the influence of inbound tourists. [Health food] Sales remains strong due to the influence of inbound tourists. We sold the mail order health food business in October 2023. We will concentrate our management resources on the development and manufacture of functional food materials derived from natural products, which is our specialty. [Both] Strengthen the revenue base by promoting sales expansion and cost reduction.

Segment Information – 2nd Half Forecasts

Segment	Main Markets	Market Environment Outlook	Our Forecasts (vs Previous Forecasts) and Actions
Smart	Electronic Devices Semiconductor or	<p>Demand for LCD panel applications is on a recovery trend, but the utilization rate of panel manufacturers is lower than we expected at the beginning of this fiscal year, and a full-scale recovery is expected after 4Q (the previous forecast expected a recovery from 3Q).</p> <p>Demand in the semiconductor market continues to stagnate, and a recovery is expected after the next fiscal year (the previous forecast expected a recovery from 3Q).</p>	<p>Sales volume of TAC, solvents for electronic materials, and photoresist materials are expected to decrease compared to the previous forecast due to a delay in demand recovery.</p> <p>[TAC] Further increase in market share, improve product quality by improving manufacturing methods (dope filtration), strengthen competitiveness by using wood pulp raw materials, and reduce inventories.</p> <p>[Solvents for electronic materials] Increase sales volume by accelerating sales expansion in Japan and overseas and developing other applications in line with increased production at the Ohtake Plant.</p> <p>[Photoresist materials] Expand sales in the Chinese market for FPD applications.</p>
Safety	Automotive	<p>Although global automobile production is expected to exceed our expectation at the beginning of this fiscal year, the growth of Japanese automotive manufactures in the Chinese market has been sluggish.</p>	<p>Sales volume of inflator is expected to be in line with an expectation at the beginning of this fiscal year, despite a decline in sales due to a delay in EV adoption by Japanese automotive manufactures for the Chinese market.</p> <p>Strive to improve profitability by thoroughly reducing costs and completing the consolidation of production regions as planned, and acquiring new programs.</p>

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

Segment Information – 2nd Half Forecasts

Segment	Main Markets	Market Environment Outlook	Our Forecasts (vs Previous Forecasts) 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, is expected to remain sluggish. Acetic acid market condition will remain weak from the previous fiscal year onward.	The sales volume of acetic acid is expected to decrease compared to the original plan due to the delay of recovery of demand of PTA and VAM. Regarding acetic acid, we will remain the sales volumes by compensating for the lost of domestic demand from the exportation and regain the domestic demand which is highly profitable. Regarding acetic acid derivatives, we aim at an increase in sales volume and profit by sales expansion for the ink for food package which has less demand fluctuations.
	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 will increase. For that reason, the demand for acetate tow is expected to remain strong.	Regarding acetate tow, we will proceed sales expansion as planned through increase in production by fully utilization of existing facilities in response to the strong demand. The sales volume of acetate tow is as much as the original plan.
	Raw Materials for Electrical Materials and Coatings	Caprolactone derivatives: Demand for urethane in existing applications is expected to decrease continuously. Epoxy compounds: Demand for electronic substrate applications and for LCD applications is also expected to remain sluggish.	The sales volume of both caprolactone derivatives and epoxy compounds is expected to decrease compared to the original plan due to the sluggish demand. Regarding caprolactone derivatives, we will make a further sales expansion by implementing an expansion of market share to the customers with a big order and concentrating our development resources to the main market of paint protection film (PPF) for automotive and adhesive for electronic vehicles. Regarding epoxy compounds, we aim at expanding market with high added value such as OLED encapsulants and base material for FRP as well as expanding market share by getting customers with a big order sales.

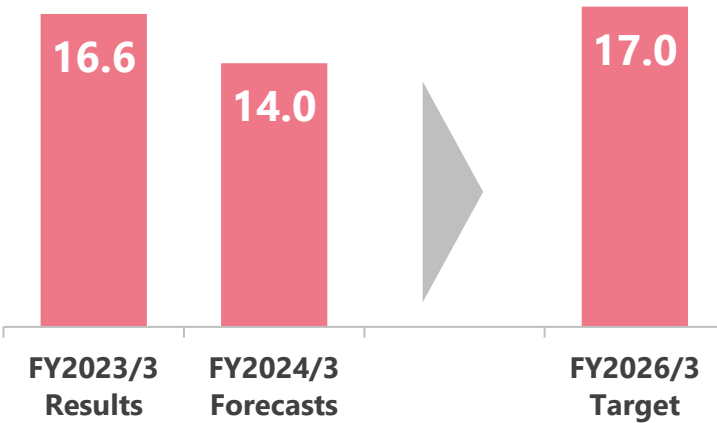
Segment Information – 2nd Half Forecasts

Segment	Main Markets	Market Environment Outlook	Our Forecasts (vs Previous Forecasts) and Actions
Materials	Cosmetics	The domestic cosmetics market is expected to continue recovery, due mainly to the increase in inbound tourists. The cosmetics market in China has been slower than expected at the start of fiscal year.	<p>Regarding 1,3-BG, the sales volume is expected to decrease compared to the original plan because the demand in Chinese market, where we planned to expand sales, is sluggish more than expected.</p> <p>By certainly getting a recovery in domestic demand for inbound tourists, we will regain its sales by expanding market share in Chinese market by getting customers with a big order, and sales expansion of production for industrial usage in Europe and US market.</p>
Engineering Plastics	Automotive components	Automotive production volume is expected to exceeded the assumption at the start of this fiscal year. However, the sales volume of Japanese automotive manufactures in Chinese market is sluggish.	<p>The sales volume is expected to decrease compared to the original plan. This is because the sales for electronic devices are expected to fall short due to the prolonged sluggish demand. The sales for automotive components is expected to recover compared to 1st half due to the end of the inventory adjustment.</p> <p>We will implement appropriate measures to recover sales volume such as sales expansion of POM to the low-end markets and regaining the sales share of LCP.</p> <p>We will make thorough cost reduction at all production sites.</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 next fiscal year onward. (We expected to start the recovery in production from 3 rd quarter in the original plan.)	

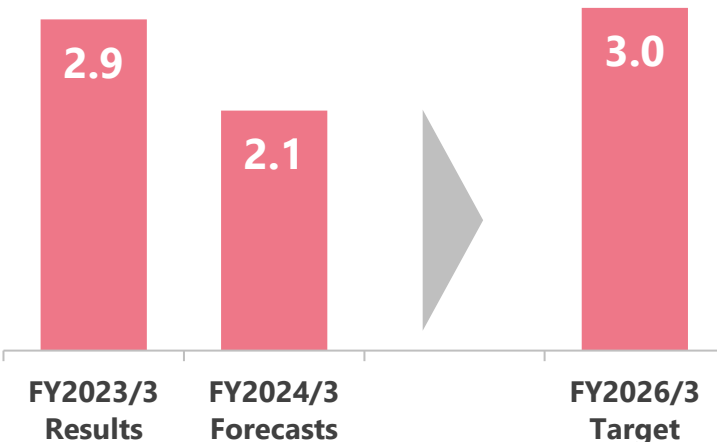
Actions for Achievement of Targets and Future Growth

Medical / Healthcare

Net Sales (Billion Yen)



EBITDA (Billion Yen)



◇ Business Environment

- In addition to solid growth in the chiral separation market, the gene medicine market is also expanding
- The demand for cosmetics and health foods for inbound tourists is increasing

◇ Actions to Achieve Full-Year Forecasts

- Expand sales of our main products, chiral columns and stationary phases, to overseas markets and accelerate growth of analytical services and genomics-related businesses.
- Promote sales expansion of cosmetics ingredients and functional food ingredients by strengthening marketing through collaboration with strategic partners.

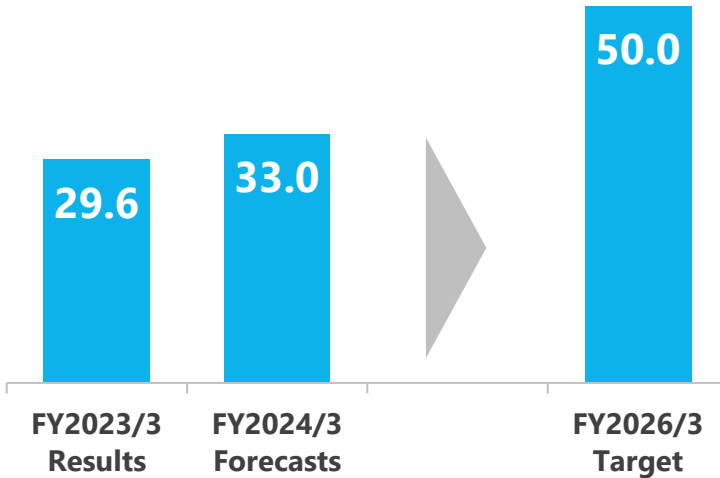
◇ Actions to Achieve Medium-Term Management Strategy and Subsequent

- Through the establishment of a new company, Daicel Medical Ltd., and investment in PharmaJet, which expands its needle-free injector business, we will accelerate approval of medical devices of our products, cultivate the needle-free injector market in Japan and overseas, and promote our device-related business.
- Accelerate synergy with materials fields such as engineering plastics for medical devices as well as commercialization of medical devices.
- Capture the growing demand for peptide and nucleic acid and strengthen service business development for middle-molecular drugs.
- Launching and expanding the certified by European regulation grade of BELLOCEA (spherical cellulose acetate particle).

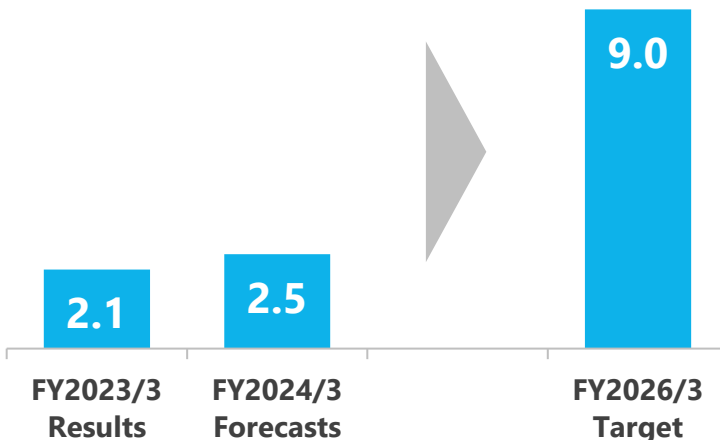
Actions for Achievement of Targets and Future Growth

Smart

Net Sales (Billion Yen)



EBITDA (Billion Yen)



◇ Business Environment

- While the recovery from the slowdown in demand for semiconductors and displays has been delayed, the needs for high-performance materials are on the rise due to the progress in digitalization and accelerated development after Covid-19.

◇ Actions to Achieve Full-Year Forecasts

- [TAC] Increase in market share in Japan and overseas by improving product quality through improving manufacture process (dope filtration) and the quality of products made from low-grade pulp.
- [solvents for electronic materials] Increase capacity utilization of production facilities and expand market share by expanding sales through the development of domestic and overseas semiconductor applications and other applications on the strength of high quality and stable supply used in state-of-the-art semiconductors.
- [high-performance films] Expand sales with diverse functions for the expanding automotive display market and pen input and promote cost reduction by insourcing of outsourced processes and improving productivity.

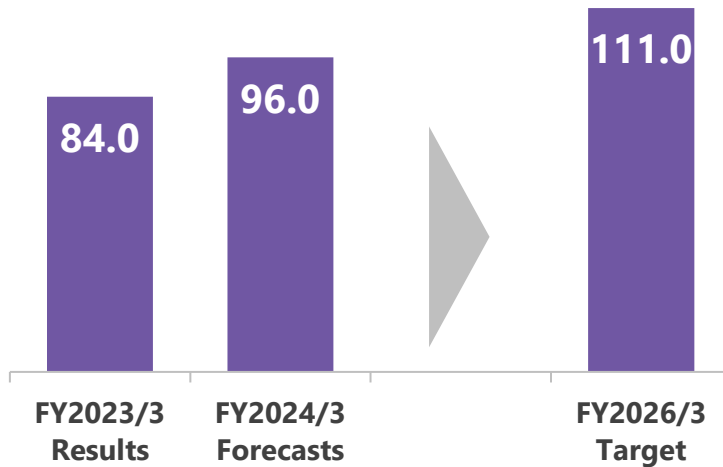
◇ Actions to Achieve Medium-Term Management Strategy and Subsequent

- Utilizing wet and dry coating technology of Daicel Beyond Ltd., we will launch new products such as OCA (Optical Clear Adhesive Film) and conductive film for car-mounted dimmable sunroofs, which are expected to expand sales.
- Grow optical lenses business by improving production process and strengthening marketing and technical support system for targeted customers.
- Increase adoption of EUV resist materials, 3D mounting materials, and organic semiconductor sensors.
- Realize production of resist materials at microfluidic device plants and expand businesses with high competitiveness such as environmental friendliness, high quality, and productivity.

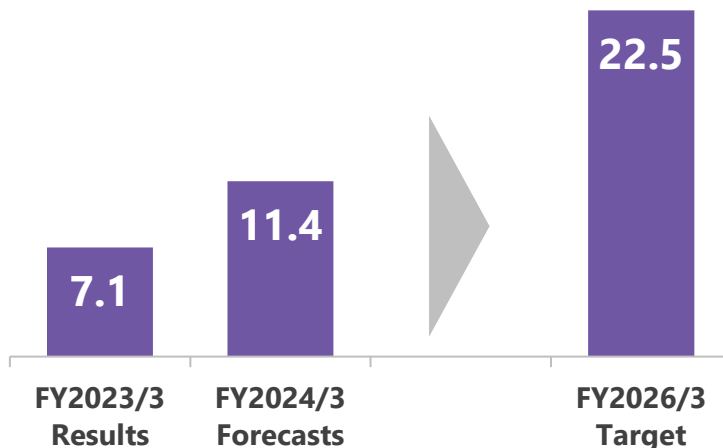
Actions for Achievement of Targets and Future Growth

Safety

Net Sales (Billion Yen)



EBITDA (Billion Yen)



◇ Business Environment

- An automobile production is on a recovery trend globally. In China, Chinese automotive manufactures' EV sales continue to be strong. Going forward, the EV market will expand globally.

◇ Actions to Achieve Full-Year Forecasts

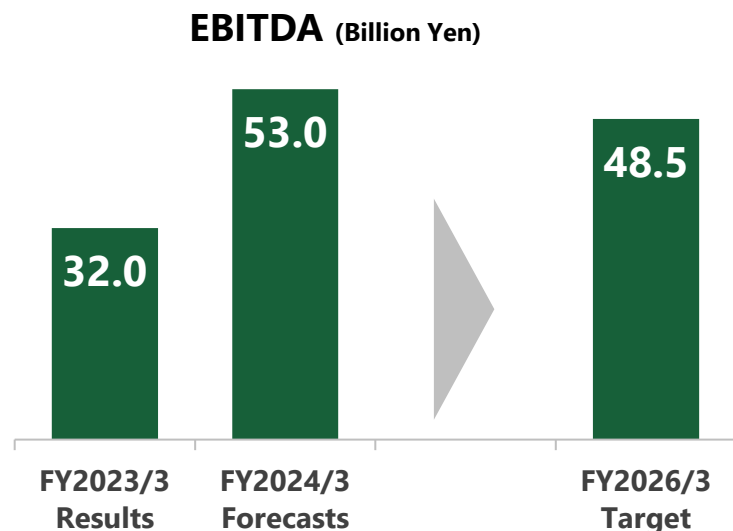
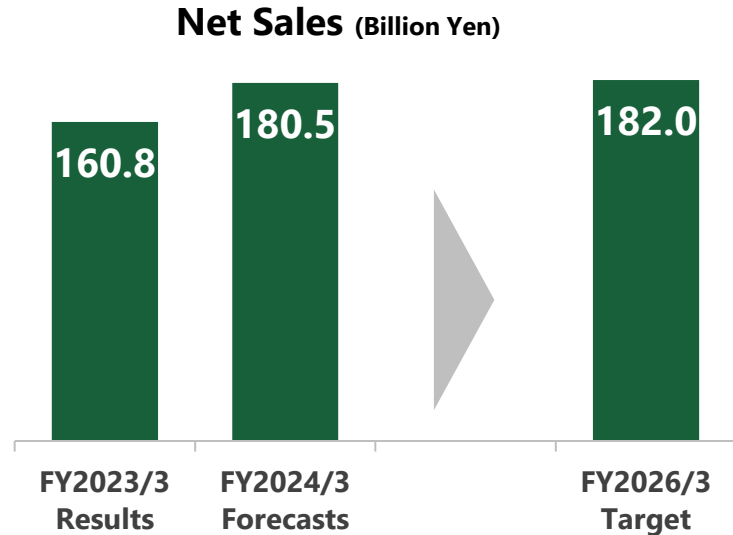
- Cease operation of the Kentucky plant, one of our North American production site, in October 2023. As planned, we are in the process of consolidating production regions, and our North American operations will become profitable in the 2nd half of this fiscal year.
- Continue to reduce costs at each site, reduce investment costs through local procurement, and promote the automation of production lines.

◇ Actions to Achieve Medium-Term Management Strategy and Subsequent

- A production site in India began production operation in October 2023. In order to capture the growing demand in the inflator market in India, we will accelerate negotiations and collaboration with Japanese, foreign and local automotive manufactures to expand our market share. to capture the demand in the growing inflator market in India, aiming to increase our market share.
- Mass production of Pyro-fuse for Evs in Europe will start in FY2025/3. Strengthen marketing systems in Europe and China, where the markets are expected to expand, and acquire new programs. Expand Pyro-Fuse into industrial applications, such as solar panel power generation systems, by creating new businesses through co-creation with customers.
- Strengthen competitiveness by a "cost half production line" which is realized by deep collaboration with Toyoda Gosei Co., Ltd. This production line can greatly reduce design and construction periods and contribute to the timely management decision-making and manufacturing cost reduction. In addition, strengthen product and equipment development functions at each site to quickly provide products that meet the needs of each country.

Actions for Achievement of Targets and Future Growth

Materials



◇ Business environment

- The demand of acetyl and chemical businesses are sluggish wholly.
- The demand of acetate tow is strong including the growth of heat-not-burn cigarette. The depreciation of the yen also contributes to its business.

◇ Actions for achieving of targets and future growth

- Regarding acetate tow, we will promote sales expansion by an increase in production with fully utilization of existing facilities according to its strong demand.
- We will expand market share of growing production caprolactone derivatives and epoxy compounds for automotive.
- Regarding 1,3-BG, we will respond to the demand for inbound tourists, expand cosmetic market share in China and strengthen sales expansion for industrial usage.

◇ Actions to Achieve Medium-Term Management Strategy and Subsequent Growth

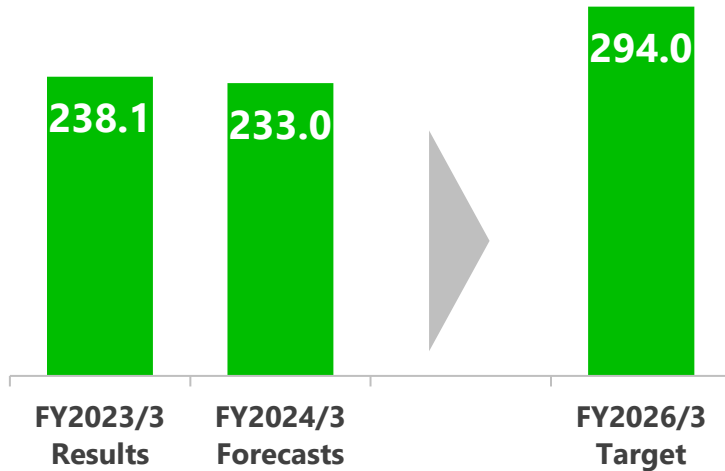
- By introducing two-stage pulp disintegration and filtration process facilities, which allow us to maintain or improve product quality despite using cheaper raw material pulp, we reduce the number of raw material pulp types, and promote to reduce inventory and logistic costs. It improves the competitiveness of cellulose acetate and contributes to promote asset light strategy.
- For expanding the usage of CAFBLO (resin of cellulose acetate), we will plan a cost decrease by changing raw materials and improving production processes, make a business collaboration in Asia and expand our business to the Europe and United States which have a sense of eco-friendly.
- Promoting a reinforcement of technical support function at the production sites in United States and China, and improvement of proposal ability of product function and development ability of raw material, we will develop high added value usage of caprolactone derivatives and epoxy compounds, and their sales expansion. Regarding production facility, we will improve distillation process to further reinforce quality of caprolactone derivatives and expand sales for growing market,

Note: The major factor of a decrease in EBITDA from FY2024/3 forecast to FY2026/3 target is an impact of exchange rate fluctuation. (Assumption of Exchange Rate: FY2024/3 Forecasts: ¥ 138/US\$, FY2026/3 Target: ¥ 120/US\$)

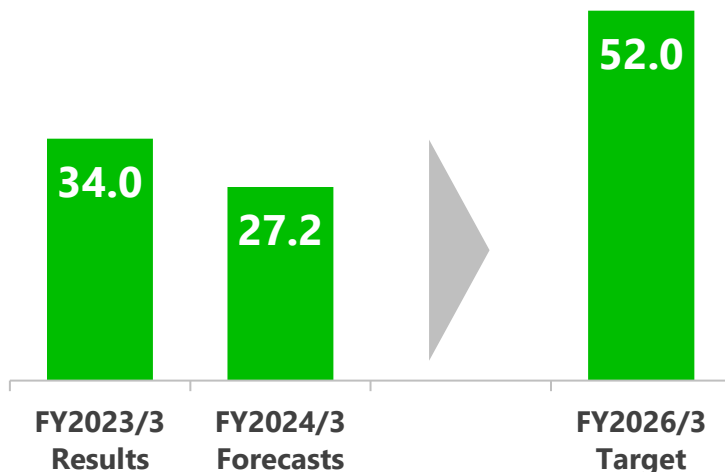
Actions for Achievement of Targets and Future Growth

Engineering Plastics

Net Sales (Billion Yen)



EBITDA (Billion Yen)



◇ Business environment

- The production volume of automotive will recover globally. The production of electronic vehicle will increase greatly in China.
- The demand for electronic devices will decrease.

◇ Actions for achieving of targets and future growth

- As well as conventional sales activity to the spec-in market, we will keep sales volume by the sales to the low-end market such as mainly as China and India while spec-in market being sluggish.
- We will make thorough cost reduction at all production sites globally.

◇ Actions to Achieve Medium-Term Management Strategy and Subsequent Growth

- Start operation project for increase in production (POM · LCP · COC).
- Strengthen the system of developing new usage of POM, marketing, technical solution.
 - Develop new usage based on the structural change (lower temperature) of temperature control devices by electrification of vehicles.
 - Develop new usage taking advantage of POM sliding properties based on the growing demand of noise reduction inside a car by electrification of vehicles.
 - Strengthen marketing and technical solution service system in China for an establishment of customer base in electronic vehicle market in China.
- Regarding LCP, we will expand its application except for the connector, conventional main application.
- Develop competitive products by reinforcing its own dielectric property, heat resistance, dimensionally stability which is required for high frequency (5G / 6G) compatible applications, and expand its market share.
- Strengthen development of new usage (e.g. medical, food touchable) and sales expansion.
- Reinforce environmental response by changing raw material into biomass material and launching recycle businesses.
- By introducing DAICEL Production Innovation, we will realize production optimization through creating virtual factory between 4 production sites of Polyplastics Group.

Initiatives of Corporate Division

◇ Targets for Mid-Term Management Strategy Indicators

- $ROE \geq ROIC \geq ROA > WACC$
- ROIC of 10% or More, Increase in EBITDA through Growth Investment

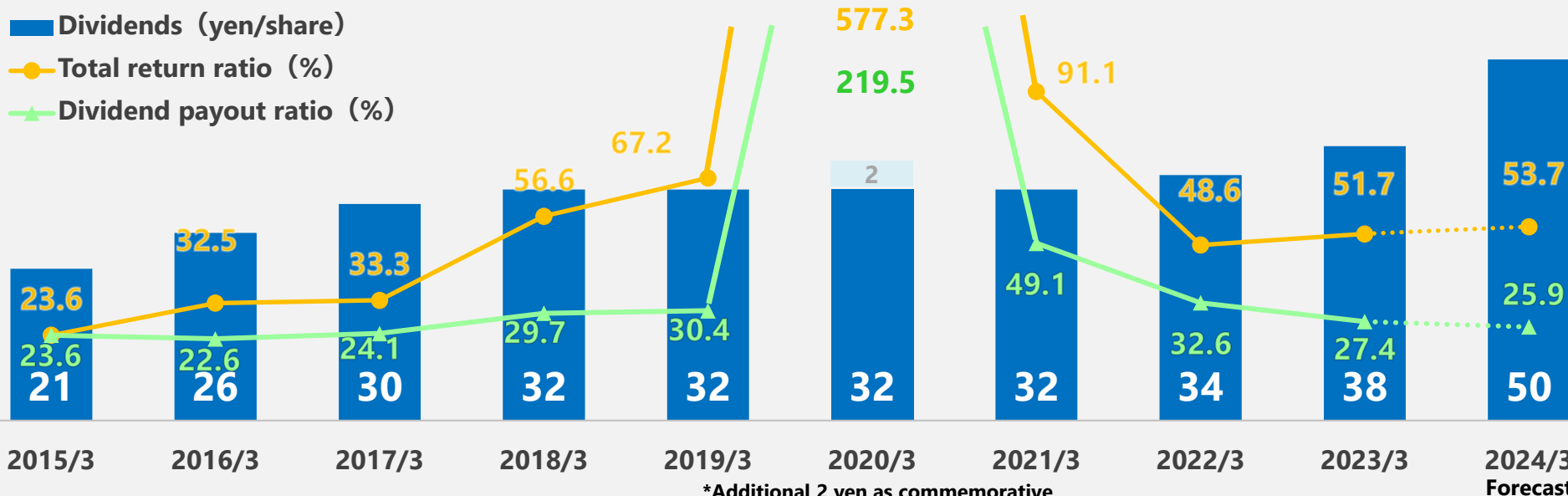
◇ Initiatives to Achieve Mid-Term Management Strategy Targets and Sustainable Growth

- Corporate Compliance Program and Safety & Quality Assurance Headquarters work together to ensure that each employee of the Group is fully committed to safety, quality, and compliance as a foundation for sustainable growth.
- Corporate Planning & Strategy Headquarters and FP & C* Group work together to allocate company resources based on a company-wide optimal perspective and to formulate and implement financial and capital policies.
- Balance sheet control to improve ROIC and ROA
 - Collaborating with SBUs and plants, Corporate Strategy Headquarters, Production Headquarters, and SCM Headquarters to identify issues and take measures to reduce inventories.
 - Improving the production method of cellulose acetate (introduction of two-stage disintegration and dope filtration facilities) to reduce the number of raw materials types, monitoring inventories by SCM Headquarters, and deriving an optimal production plan through an autonomous production system.
 - Reduction of non-business assets, including reduction of cross-shareholdings
- Reliable execution of investment projects in growth businesses such as Safety and Engineering Plastics that lead to an increase in EBITDA
 - Implementation of safe and steady investment plans through cooperation between Production Headquarters, Engineering Center, and Assessment Headquarters.
- Acceleration of new product and business development through division of roles and cooperation between corporate R&D division and each SBU development group
 - Biomass products focusing on fine cellulose, microfluidic devices, inorganic and organic composite materials, etc.

Target of a Total Return Ratio of 40% or More, Based on EBITDA

FY ending March 2024

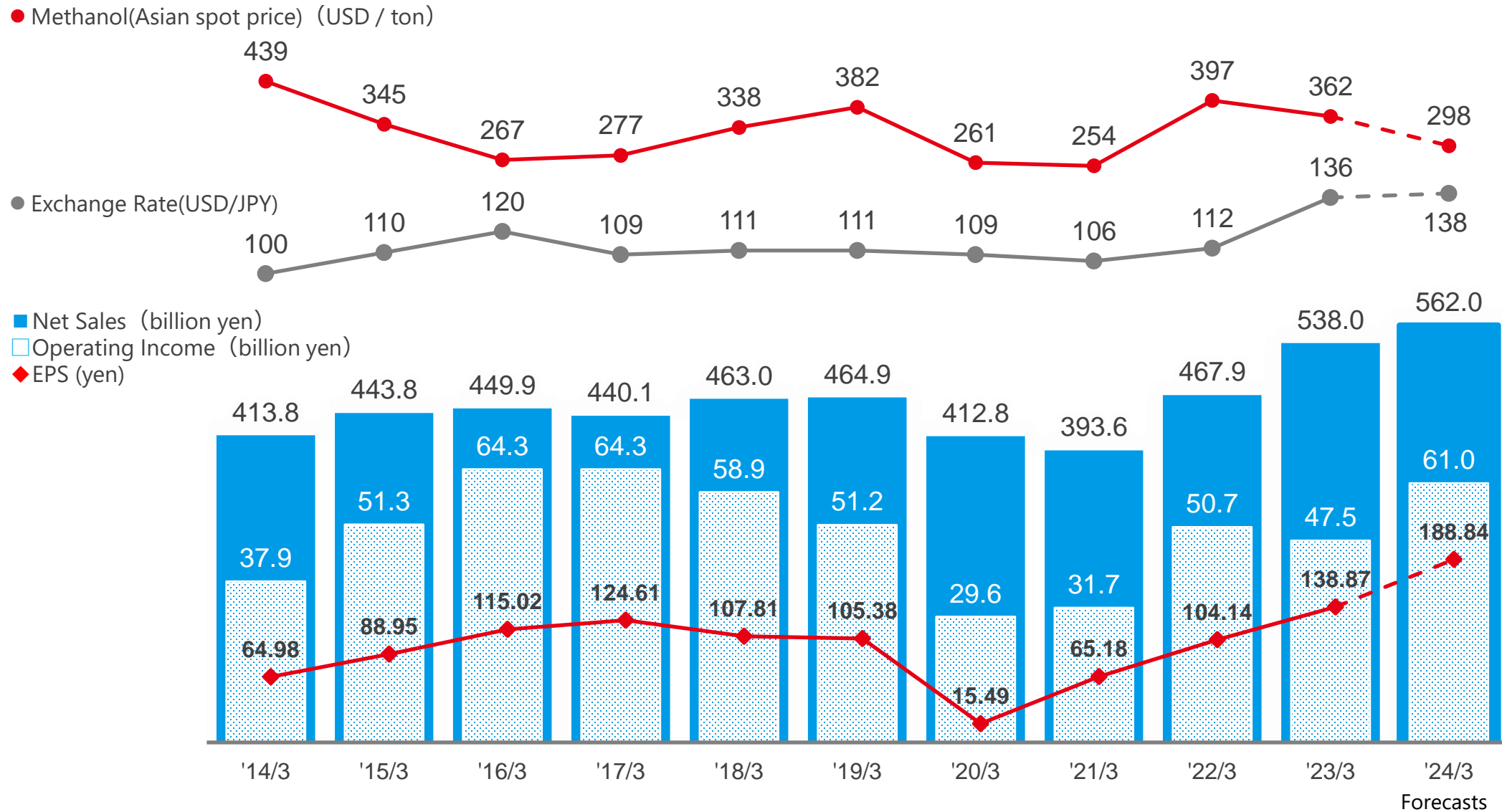
- Dividends
 - Interim dividends : 25 yen per share
(increase by 3 yen from forecasts / increase by 7 yen from previous fiscal year)
 - Revised year-end dividends forecasts : 25 yen per share
(increase by 3 yen from forecasts / increase by 5 yen from previous fiscal year)
 - Annual dividends forecasts : 50 yen per share
(increase by 6 yen from forecasts / increase by 12 yen from previous fiscal year)
- Decided to purchase treasury stock of 15 billion yen for 13 million shares.
(Period of purchase: From Nov. 2023 to Mar. 2024)



*Additional 2 yen as commemorative dividend in FY2020/3

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	2Q
Medical / Healthcare		4.0	4.1	4.4	4.2	3.4	3.5
Smart		9.6	6.6	7.1	6.4	7.5	7.1
Safety		17.8	22.0	22.4	21.9	22.4	24.7
Materials		36.1	39.1	42.4	43.2	46.0	45.1
Engineering Plastics		58.7	64.8	59.5	55.0	50.3	58.4
Others		1.8	1.7	2.6	2.9	1.2	1.3
Total		128.0	138.3	138.3	133.5	130.8	140.2

		Operating Income					
		2023/3				2024/3	
Unit : Billion Yen		1Q	2Q	3Q	4Q	1Q	2Q
Medical / Healthcare		0.4	0.4	0.6	-0.0	0.3	0.2
Smart		1.1	-0.8	-0.6	-0.4	-0.6	-0.5
Safety		-0.2	0.2	1.4	-0.9	-0.7	0.5
Materials		5.0	5.4	2.5	7.8	9.4	11.7
Engineering Plastics		6.6	7.9	6.4	4.4	0.7	5.4
Others		0.1	0.0	0.2	0.0	-0.0	0.2
Total		13.0	13.0	10.5	10.9	9.1	17.5

(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.

Capital Expenditures

Unit : Billion Yen	20/3 Results
Cellulosic derivatives	5.9
Organic chemicals	22.0
Plastics	8.6
Pyrotechnic devices	8.5
Others / Corporate	2.7
Total	47.6

Unit : Billion Yen	21/3 Results	22/3 Results	23/3 Results *1	23/3 Results *1,2	24/3 1H Results *1,2	24/3 Forecast *1,2
Medical / Healthcare	8.7	1.0	2.7	2.2	1.4	2.0
Smart	2.0	2.9	4.2	4.2	1.8	4.5
Safety	8.8	7.7	9.0	9.0	4.8	11.0
Materials	11.6	18.8	8.6	9.1	5.6	16.0
Engineering Plastics	7.1	7.4	30.6	30.6	20.1	51.0
Others / Corporate	1.4	3.0	1.2	1.2	0.2	0.5
Total	39.6	40.8	56.3	56.3	33.9	85.0

*1 Reflects the revised method of allocating corporate expenses. Figures for "Other Businesses and Corporate" are only for "Other Businesses."

*2 Reflects segment changes in the Cosmetics Raw Material 1,3-BG and Novel Drug Delivery Devices R&D functions.

Depreciation and Amortization

Unit : Billion Yen	20/3 Results
Cellulosic derivatives	7.5
Organic chemicals	6.1
Plastics	6.0
Pyrotechnic devices	7.3
Others / Corporate	2.1
Total	29.0

Unit : Billion Yen	21/3 Results	22/3 Results	23/3 Results *1	23/3 Results *1,2	24/3 1H Results *1,2	24/3 Forecast *1,2
Medical / Healthcare	1.4	1.4	2.8	1.5	0.5	1.0
Smart	1.6	2.0	2.7	2.7	1.4	3.5
Safety	4.7	5.0	6.5	6.5	3.4	7.0
Materials	9.0	9.0	9.7	11.0	5.5	15.0
Engineering Plastics	6.9	7.0	8.6	8.6	3.9	8.0
Others / Corporate	2.2	2.5	0.6	0.6	0.3	0.5
Total	25.8	26.9	30.8	30.8	14.9	35.0

*1 Reflects the revised method of allocating corporate expenses. Figures for "Other Businesses and Corporate" are only for "Other Businesses."

*2 Reflects segment changes in the Cosmetics Raw Material 1,3-BG and Novel Drug Delivery Devices R&D functions.

Unit : Billion Yen

	20/3 Results
Cellulosic derivatives	1.3
Organic chemicals	4.0
Plastics	3.8
Pyrotechnic devices	5.1
Others / Corporate	7.0
Total	21.3

Unit : Billion Yen

	21/3 Results	22/3 Results	23/3 Results *1	23/3 Results *1,2	24/3 1H Results *1,2	24/3 Forecast *1,2
Medical / Healthcare	2.1	1.9	2.2	2.8	1.3	2.6
Smart	2.7	3.6	4.2	4.2	2.1	3.7
Safety	5.1	5.6	6.3	5.7	3.0	5.5
Materials	1.6	1.5	2.8	2.8	2.0	4.0
Engineering Plastics	3.5	3.7	6.1	6.1	3.7	7.0
Others / Corporate	4.6	4.5	0.3	0.3	0.1	0.2
Total	19.5	20.7	21.9	21.9	12.1	23.0

*1 Reflects the revised method of allocating corporate expenses. Figures for "Other Businesses and Corporate" are only for "Other Businesses."

*2 Reflects segment changes 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		2024/3 Previous Forecasts			2024/3 Revised Forecasts			Change (B)-(A)
		1 st Half	2 nd Half	Total(A)*	1 st Half	2 nd Half	Total(B)	
	Medical / Healthcare	6.5	7.0	13.5	6.9	7.1	14.0	+0.5
	Smart	17.5	22.5	40.0	14.7	18.3	33.0	-7.0
	Safety	42.5	47.5	90.0	47.1	48.9	96.0	+6.0
	Materials	88.5	89.5	178.0	91.1	89.4	180.5	+2.5
	Engineering Plastics	113.5	131.5	245.0	108.7	124.3	233.0	-12.0
	Others	2.5	3.0	5.5	2.5	3.0	5.5	-
Net Sales		271.0	301.0	572.0	271.0	291.0	562.0	-10.0
	Medical / Healthcare	0.2	0.5	0.7	0.5	0.5	1.0	+0.3
	Smart	0.0	0.5	0.5	-1.1	0.0	-1.1	-1.6
	Safety	1.0	7.0	8.0	-0.1	4.4	4.3	-3.7
	Materials	14.5	10.5	25.0	21.1	16.4	37.5	+12.5
	Engineering Plastics	5.3	13.2	18.5	6.1	12.9	19.0	+0.5
	Others	0.0	0.3	0.3	0.1	0.2	0.3	-
Operating Income		21.0	32.0	53.0	26.6	34.4	61.0	+8.0
Ordinary Income		21.5	33.5	55.0	30.7	34.8	65.5	+10.5
Income Attributable to Owners of Parent		15.0	29.0	44.0	29.8	24.2	54.0	+10.0
(ref.) Exchange rate USD/JPY		125	125	125	141	135	138	

Assumptions

		2023/3 (Results)		2024/3 (Previous Forecasts)		2024/3 (Revised forecasts)	
		1 st Half (Results)	2 nd Half (Results)	1 st Half (Forecasts)	2 nd Half (Forecasts)	1 st Half (Results)	2 nd Half (Forecasts)
Exchange rate (USD/JPY)		134	137	125	125	141	135
Raw Materials	Methanol Asian spot price (USD/ton)	374	349	380	380	295	300
	Crude Oil Dubai (USD/bbl.)	102	83	90	90	82	85
	Domestic Naphtha (JPY/kl)	83,750	69,500	68,000	68,000	67,750*	67,000

* Forecast value as of October 2023

Notes Regarding Forward-Looking Statements

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