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April 25, 2024

Consolidated Financial Flash Report for the Fiscal Year Ended March 31, 2024

Company name: Zeon Corporation

Listing: Tokyo Stock Exchange

Securities code: 4205

URL: <https://www.zeon.co.jp/en/>

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Scheduled date of ordinary general shareholders meeting: June 27, 2024

Scheduled date to commence dividend payments: June 28, 2024

Scheduled date to file securities report: June 27, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for equity analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	382,279	(1.6)	20,500	(24.6)	26,906	(14.3)	31,101	194.3
March 31, 2023	388,614	7.4	27,179	(38.8)	31,393	(36.5)	10,569	(68.4)

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥35,182 million [21.6%]
For the fiscal year ended March 31, 2023: ¥28,939 million [(16.5%)]

	Basic earnings per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	147.19	147.12	8.9	5.1	5.4
March 31, 2023	49.94	49.92	3.2	6.2	7.0

Reference: Share of profit of investments accounted for using equity method

For the fiscal year ended March 31, 2024: ¥96 million

For the fiscal year ended March 31, 2023: ¥147 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	532,254	363,729	68.1	1,714.88
March 31, 2023	522,868	339,308	64.3	1,591.79

Reference: Equity

As of March 31, 2024: ¥362,380 million

As of March 31, 2023: ¥336,310 million

(3) Consolidated Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of the period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	47,413	(5,428)	(30,085)	42,533
March 31, 2023	14,358	(28,899)	(2,820)	28,270

2. Cash Dividends

	Annual dividends per share					Total annual cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	—	18.00	—	18.00	36.00	7,606	72.1	2.3
Fiscal year ended March 31, 2024	—	20.00	—	25.00	45.00	9,574	30.6	2.7
Fiscal year ending March 31, 2025 (Forecast)	—	23.00	—	24.00	47.00		55.9	

3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

(April 1, 2024 to March 31, 2025)

(Percentage for interim period ending September 30, 2024 indicate half-on-half change)

(Percentage for full year indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim period ending September 30, 2024	198,000	6.8	11,000	16.3	11,500	(11.8)	7,000	(32.4)	33.35
Full fiscal year	397,000	3.9	26,500	29.3	27,500	2.2	17,500	(43.7)	84.13

*In the forecast, basic earnings per share takes into account the effect of acquiring treasury shares.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the fiscal year (including treasury shares)

As of March 31, 2024:	229,513,656 shares
As of March 31, 2023:	229,513,656 shares

(ii) Number of treasury shares at the end of the fiscal year

As of March 31, 2024:	18,198,165 shares
As of March 31, 2023:	18,235,195 shares

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended March 31, 2024	211,298,379 shares
Fiscal year ended March 31, 2023	211,628,684 shares

*Board Benefit Trust - Restricted Stock (BBT-RS) has introduced from the second quarter. Treasury shares held by the trust are deducted from the calculation of the number of treasury shares at the end of the period and the average number of shares during the period.

Reference: Summary of Non-consolidated Performance

1. Non-consolidated Performance for the Fiscal Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results (Percentage figures respectively indicate changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	252,304	(0.5)	10,892	(44.7)	21,192	(13.7)	30,306	257.0
Fiscal year ended March 31, 2023	253,626	(0.6)	19,704	(45.3)	24,547	(39.5)	8,490	(69.8)

	Basic earnings per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2024	143.43	143.36
Fiscal year ended March 31, 2023	40.12	40.10

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2024	440,484	268,757	61.0	1,271.41
Fiscal year ended March 31, 2023	421,857	247,899	58.7	1,172.91

Reference: Equity	Fiscal year ended March 31, 2024	268,669	Millions of yen	Fiscal year ended March 31, 2023	247,811	Millions of yen
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* Consolidated financial flash report is exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Notes on statements about the future)

Earnings forecasts and other forward-looking statements in this report are based on information presently available to management and assumptions that management deems reasonable. They do not represent a commitment or promise by the Company. Actual earnings and other forecasts may differ significantly from those in this report in accordance with numerous factors.

Refer to “(4) Forecasts for Next Fiscal Year” under “1. Overview of Operating Results, etc.” on page 7 for details on matters related to financial forecasts.

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1. Overview of Operating Results, etc.

(1) Operating Results Overview

1) Overview

Looking back on the first nine months of the present fiscal year, the environment surrounding the Group remained uncertain due to sluggishness of the Chinese economy and circumstances in the Middle East on top of lingering concerns about the risk of economic downturn and fluctuations in financial and capital markets caused by continued tightening of monetary policies worldwide.

In the midst of this environment, the Group focused on thorough cost reductions through the ZΣ Campaign, our company-wide improvement initiative, and production reform activities. At the same time, in the Elastomer Business, we emphasized profitability and worked on global expansion of production and sales. In the Specialty Materials Business, we worked on development of new products with high added value and expanding the business.

As a result, consolidated net sales were down ¥6,335 million year on year to ¥382,279 million, consolidated operating profit was down ¥6,679 million to ¥20,500 million, consolidated ordinary profit was down ¥4,488 million to ¥26,906 million, and profit attributable to owners of parent was up ¥20,532 million to ¥31,101 million.

Classification	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023		Diff.	
	Amount (millions of yen)	Composition (%)	Amount (millions of yen)	Composition (%)	Amount (millions of yen)	Percentage (%)
Net sales	382,279	100.0	388,614	100.0	(6,335)	(1.6)
Elastomer Business	215,286	56.3	222,230	57.2	(6,944)	(3.1)
Specialty Materials Business	107,373	28.1	105,356	27.1	2,018	1.9
Other Businesses	64,339	16.8	65,270	16.8	(931)	(1.4)
Eliminations/Corporate	(4,720)	(1.2)	(4,242)	(1.1)	(478)	—

Classification	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023		Diff.	
	Amount (millions of yen)	Net sales ratio (%)	Amount (millions of yen)	Net sales ratio (%)	Amount (millions of yen)	Percentage (%)
Operating profit	20,500	5.4	27,179	7.0	(6,679)	(24.6)
Ordinary profit	26,906	7.0	31,393	8.1	(4,488)	(14.3)
Profit attributable to owners of parent	31,101	8.1	10,569	2.7	20,532	194.3

2) By division

(Elastomer Business)

In synthetic rubbers, net sales and operating profit were up from the same period of the previous year due mainly to an increase in shipments and the exchange rate as demand recovered, driven by applications in the automotive industry, our main market, despite a drop in market prices corresponding to raw material prices.

Net sales were down for synthetic latexes due to continued weak demand arising from ongoing excessive distribution inventory for medical use and disposable gloves, but operating profit was up thanks to efforts to reduce costs.

Both net sales and operating profit were down significantly for chemicals mainly as a result of reduced shipments caused by the delayed recovery in demand for adhesive tapes and labels and a drop in market prices.

As a result of the above, overall, net sales in the Elastomer Business were down ¥6,944 million to ¥215,286 million, and operating profit was down ¥3,549 million to ¥6,635 million.

(Specialty Materials Business)

In specialty plastics, although special telework demand for optical films for mobile devices ran its course, overall sales of specialty plastics exceeded those of the same period of the previous year due to a recovery in sales of optical films for large size TVs and firm demand for optical plastics for medical applications. On the other hand, operating profit was down overall due primarily to an increase in expenses associated with the launch of operations on the new optical film production line and the impact of the 2024 Noto Earthquake.

In battery materials, both net sales and operating profit were down from the same period of the previous year due to a drop in demand caused by the sluggish Chinese economy, sluggish EV sales globally, and the significant impact of changes in EV subsidy policies in Europe.

Both net sales and operating profit were down for specialty chemicals due to sluggishness in the synthetic fragrance market.

Both net sales and operating profit were down for electronic materials in response to a decrease in semiconductor manufacturer utilization rates resulting from the slowdown in the semiconductor market.

As for toner, net sales were up from the same period of the previous year as a result of increased sales volume, but operating profit was down due to the impact of higher costs.

As a result of the above, overall, net sales in the Specialty Materials Business were up ¥2,018 million to ¥107,373 million, while operating profit was down ¥5,056 million to ¥13,241 million.

(Other Businesses)

In other businesses, net sales of subsidiary trading divisions and others were down from the same period of the previous year, while operating profit from RIM and other products were up.

As a result of the above, overall, net sales in other businesses were down ¥931 million to ¥64,339 million, while operating profit was up ¥1,546 million to ¥3,927 million.

(2) Financial Position Overview

Assets in the Elastomer Business at the end of the fiscal year under review were down ¥1,028 million from the end of the previous fiscal year to ¥233,233 million. Assets in the Specialty Materials Business at the end of the fiscal year under review were up ¥9,073 million from the end of the previous fiscal year to ¥143,563 million. Other and Group assets at the end of fiscal year under review were up ¥1,342 million from the end of the previous fiscal year to ¥155,459 million.

As a result of the above, total assets at the end of the fiscal year under review were ¥532,254 million, up ¥9,387 million from the end of the previous fiscal year.

Total liabilities at the end of the fiscal year under review were ¥168,525 million, down ¥15,034 million from the end of the previous fiscal year.

Net assets at the end of the fiscal year under review were ¥363,729 million, up ¥24,421 million from the end of the previous fiscal year.

(3) Cash Flows Overview

Millions of yen

	Previous fiscal year	Current fiscal year	Diff.
Net cash provided by (used in) operating activities	14,358	47,413	33,056
Net cash provided by (used in) investing activities	(28,899)	(5,428)	23,471
Net cash provided by (used in) financing activities	(2,820)	(30,085)	(27,265)
Effect of exchange rate change on cash and cash equivalents	1,111	1,771	660
Net increase (decrease) in cash and cash equivalents	(16,251)	13,672	29,923
Cash and cash equivalents at beginning of period	44,521	28,270	(16,251)
Cash and cash equivalents at end of period	28,270	42,533	14,263

Cash and cash equivalents (“funds”) at the end of the fiscal year under review were up ¥14,263 million (50.5%) from the end of the previous fiscal year to ¥42,533 million.

(Cash flows from operating activities)

Net cash provided by operating activities came to ¥47,413 million, up ¥33,056 million (230.2%) from the end of the previous fiscal year. The main factor behind the difference was an increase in cash resulting from inventories going from a net increase to a net decrease despite the decrease in cash from the shift from a net increase to a net decrease in notes and accounts payable - trade.

(Cash flows from investing activities)

Net cash used in investing activities came to ¥23,471 million, a ¥5,428 million (81.2%) decrease from the end of the previous fiscal year. The main factor behind the difference was an increase in cash resulting from an increase in proceeds from the sale of investment securities despite the decrease in cash resulting from an increase in purchases of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥30,085 million, a ¥27,265 million (966.8%) increase from the end of the previous fiscal year. The main factor behind the difference was a decrease in cash resulting from commercial paper going from a net increase to a net decrease despite a decrease in redemption of bonds.

The trends in the Group's cash flow indicators are shown below.

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity-to-asset ratio (%)	63.5	65.8	65.7	64.3	68.1
Market-based equity-to-asset ratio (%)	43.9	86.2	60.3	56.5	52.4
Interest bearing debt to cash flow ratio (annual)	0.7	0.3	0.6	1.9	0.2
Interest coverage ratio (times)	215.5	441.7	248.5	145.8	519.3

Note: Equity-to-asset ratio: Equity/Total assets

Market-based equity-to-asset ratio: Market cap/Total assets

Interest bearing debt to cash flow ratio: Interest bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest

*Each of these indicators are calculated from consolidated financial figures.

*Market cap is calculated by multiplying year-end closing price by year-end issued shares (excluding treasury shares).

*Cash flows from operating activities from the consolidated cash flow statement are used for operating cash flow. Interest is the amount from the consolidated cash flow statement.

(4) Forecasts for Next Fiscal Year

Although moderate growth is expected in the global economy, the environment surrounding the Company in the next fiscal year is expected to remain uncertain due to the sluggish Chinese economy and geopolitical tensions, such as the conflict in Ukraine and the tense situation in the Middle East.

In the midst of these circumstances, based on an exchange rate of ¥145 to the dollar and a Naphtha price of ¥68,000/KL, our forecasts for the next fiscal year are net sales of ¥397,000 million (up 3.9% year on year), operating profit of ¥26,500 million (up 29.3%), ordinary profit of ¥27,500 million (up 2.2%), and profit attributable to owners of parent of ¥17,500 million (down 43.7%).

(Consolidated)

Classification	Fiscal year ending March 31, 2025		Fiscal year ended March 31, 2024		Diff.	
	Amount (millions of yen)	Composition (%)	Amount (millions of yen)	Composition (%)	Amount (millions of yen)	Percentage (%)
Net sales	397,000	100.0	382,279	100.0	14,721	3.9
Elastomer Business	221,500	55.7	215,286	56.3	6,214	2.9
Specialty Materials Business	115,500	29.1	107,373	28.1	8,126	7.6
Other Businesses	66,500	16.8	64,339	16.8	2,160	3.4
Eliminations/Corporate	(6,500)	(1.6)	(4,720)	(1.2)	(1,779)	-

Classification	Fiscal year ending March 31, 2025		Fiscal year ended March 31, 2024		Diff.	
	Amount (millions of yen)	Net sales ratio (%)	Amount (millions of yen)	Net sales ratio (%)	Amount (millions of yen)	Percentage (%)
Operating profit	26,500	6.7	20,500	5.4	6,000	29.3
Ordinary profit	27,500	6.9	26,906	7.0	594	2.2
Profit attributable to owners of parent	17,500	4.4	31,101	8.1	(13,601)	(43.7)

2. Basic Policy for Selection of Accounting Standards

Considering the burden of establishing a system for the preparation of consolidated financial statements based on international accounting standards, the Group's basic policy is to prepare its consolidated financial statements based on Japanese standards for the time being.

International accounting standards will be applied at an appropriate time according to the situation in Japan and abroad.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Assets		
Current assets		
Cash and deposits	30,082	42,784
Notes and accounts receivable - trade	79,622	83,349
Electronically recorded monetary claims – operating	3,972	4,097
Merchandise and finished goods	97,345	92,410
Work in process	7,657	9,302
Raw materials and supplies	22,450	21,641
Accounts receivable - other	43,816	39,727
Other	11,801	7,786
Allowance for doubtful accounts	(113)	(113)
Total current assets	296,631	300,982
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	41,912	45,247
Machinery, equipment and vehicles, net	31,467	39,379
Land	15,393	15,841
Construction in progress	20,425	25,029
Other, net	4,726	5,176
Total property, plant and equipment	113,924	130,672
Intangible assets		
Other	4,442	5,432
Total intangible assets	4,442	5,432
Investments and other assets		
Investment securities	100,113	85,316
Retirement benefit asset	1	6
Deferred tax assets	728	2,220
Other	7,249	9,208
Allowance for doubtful accounts	(219)	(1,582)
Total investments and other assets	107,871	95,168
Total non-current assets	226,237	231,272
Total assets	522,868	532,254

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	83,659	83,449
Electronically recorded obligations – operating	3,122	3,305
Short-term borrowings	8,960	8,960
Commercial papers	19,000	—
Income taxes payable	2,898	7,239
Provision for bonuses	2,625	2,764
Provision for repairs	5,634	4,098
Other provisions	47	184
Other	34,641	33,560
Total current liabilities	160,587	143,561
Non-current liabilities		
Deferred tax liabilities	2,272	2,025
Retirement benefit liability	13,759	14,160
Provision for repairs	930	2,332
Other provisions	46	195
Other	5,965	6,254
Total non-current liabilities	22,973	24,965
Total liabilities	183,560	168,525
Net assets		
Shareholders' equity		
Share capital	24,211	24,211
Capital surplus	19,137	19,582
Retained earnings	268,363	289,930
Treasury shares	(19,024)	(19,435)
Total shareholders' equity	292,688	314,288
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31,538	30,502
Deferred gains or losses on hedges	(1)	7
Foreign currency translation adjustment	11,823	17,576
Remeasurements of defined benefit plans	262	6
Total accumulated other comprehensive income	43,623	48,092
Share acquisition rights	88	88
Non-controlling interests	2,910	1,262
Total net assets	339,308	363,729
Total liabilities and net assets	522,868	532,254

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net sales	388,614	382,279
Cost of sales	278,971	279,769
Gross profit	109,643	102,510
Selling, general and administrative expenses	82,464	82,010
Operating profit	27,179	20,500
Non-operating income		
Interest income	210	289
Dividend income	3,361	3,320
Foreign exchange gains	661	2,526
Share of profit of entities accounted for using equity method	147	96
Subsidy income	52	1,016
Miscellaneous income	743	458
Total non-operating income	5,172	7,705
Non-operating expenses		
Interest expenses	85	68
Depreciation of inactive non-current assets	232	660
Loss on investments in partnership	346	164
Donations	151	135
Miscellaneous losses	145	273
Total non-operating expenses	958	1,299
Ordinary profit	31,393	26,906
Extraordinary income		
Gain on sale of non-current assets	5	8
Gain on sale of investment securities	3,072	25,506
Total extraordinary income	3,077	25,514
Extraordinary losses		
Loss on disposal of non-current assets	347	683
Impairment loss	19,390	2,550
Loss on valuation of investment securities	7	2,359
Provision of allowance for doubtful accounts	—	1,363
Loss on disaster	—	1,428
Other	259	188
Total extraordinary losses	20,004	8,570
Profit before income taxes	14,467	43,849
Income taxes—current	9,758	13,751
Income taxes—deferred	(5,900)	(904)
Total taxes	3,858	12,847
Profit	10,609	31,002
Profit attributable to non-controlling interests	39	(99)
Profit attributable to owners of parent	10,569	31,101

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Profit	10,609	31,002
Other comprehensive income		
Valuation difference on available-for-sale securities	10,353	(1,036)
Deferred gains or losses on hedges	(3)	8
Foreign currency translation adjustment	7,085	5,257
Remeasurements of defined benefit plans, net of tax	646	(257)
Share of other comprehensive income of entities accounted for using equity method	250	206
Total other comprehensive income	18,330	4,179
Comprehensive income	28,939	35,182
Comprehensive income attributable to		
Owners of parent	28,622	35,131
Non-controlling interests	317	51

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	24,211	19,162	272,679	(23,000)	293,053
Changes of items during the period					
Dividends from surplus			(7,016)		(7,016)
Profit attributable to owners of parent			10,569		10,569
Purchase of treasury share				(3,990)	(3,990)
Disposal of treasury share		(5)		76	71
Retirement of treasury share		(7,889)		7,889	—
Transfer to capital surplus from retained earnings		7,869	(7,869)		—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(25)	(4,316)	3,976	(365)
Balance at the end of current period	24,211	19,137	268,363	(19,024)	292,688

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	21,186	2	4,767	(384)	(25,570)	126	3,086	321,836
Changes of items during the period								
Dividends from surplus								(7,016)
Profit attributable to owners of parent								10,569
Purchase of treasury share								(3,990)
Disposal of treasury share								71
Retirement of treasury share								—
Transfer to capital surplus from retained earnings								—
Net changes of items other than shareholders' equity	10,353	(3)	7,056	646	18,052	(38)	(176)	17,838
Total changes of items during the period	10,353	(3)	7,056	646	18,052	(38)	(176)	17,473
Balance at the end of current period	31,538	(1)	11,823	262	43,623	88	2,910	339,308

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	24,211	19,137	268,363	(19,024)	292,688
Changes of items during the period					
Dividends from surplus			(8,058)		(8,058)
Profit attributable to owners of parent			31,101		31,101
Purchase of treasury share				(1,998)	(1,998)
Disposal of treasury share		461		1,587	2,049
Retirement of treasury share		(17)			(17)
Transfer to capital surplus from retained earnings			(1,476)		(1,476)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	444	21,567	(411)	21,600
Balance at the end of current period	24,211	19,582	289,930	(19,435)	314,288

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	31,538	(1)	11,823	262	43,623	88	2,910	339,308
Changes of items during the period								
Dividends from surplus								(8,058)
Profit attributable to owners of parent								31,101
Purchase of treasury share								(1,998)
Disposal of treasury share								2,049
Retirement of treasury share								(17)
Transfer to capital surplus from retained earnings								(1,476)
Net changes of items other than shareholders' equity	(1,036)	8	5,753	(257)	4,469	—	(1,648)	2,821
Total changes of items during the period	(1,036)	8	5,753	(257)	4,469	—	(1,648)	24,421
Balance at the end of current period	30,502	7	17,576	6	48,092	88	1,262	363,729

(4) Consolidated Cash Flow Statement

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	14,467	43,849
Depreciation and amortization	20,382	20,123
Impairment loss	19,390	2,550
Loss on disaster	—	1,428
Increase (decrease) in allowance for doubtful accounts	7	1,351
Increase (decrease) in provision for repairs	1,268	(134)
Interest and dividends income	(3,571)	(3,609)
Interest expenses	85	68
Subsidy income	(52)	(1,016)
Exchange loss (gain)	(542)	(870)
Loss (gain) on disposal of non-current assets	348	683
Loss (gain) on sale of investment securities	(3,063)	(25,505)
Loss (gain) on valuation of investment securities	7	2,359
Decrease (increase) in notes and accounts receivable-trade	2,375	(1,453)
Decrease (increase) in inventories	(31,087)	7,328
Increase (decrease) in notes and accounts payable-trade	1,111	(1,855)
Other	3,637	7,079
Subtotal	24,762	52,376
Interest and dividends income received	3,569	3,543
Subsidies received	62	1,026
Interest expenses paid	(99)	(91)
Income taxes paid	(13,896)	(9,441)
Other	(41)	—
Net cash provided by (used in) operating activities	14,358	47,413
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(23,564)	(33,670)
Disposal of property, plant and equipment	(689)	(428)
Purchase of intangible assets	(3,056)	(2,320)
Purchase of investment securities	(5,970)	(3,163)
Proceeds from sales of investment securities	5,045	34,649
Payments of loans receivable	(2,201)	(2,393)
Collection of loans receivable	1,478	679
Net decrease (increase) in time deposits	1,192	1,653
Purchase of long-term prepaid expenses	(774)	(231)
Other	(360)	(203)
Net cash provided by (used in) investing activities	(28,899)	(5,428)
Net cash provided by (used in) financing activities		
Increase (decrease) in commercial paper	19,000	(19,000)
Redemption of bonds	(10,000)	—
Cash dividends paid shareholders	(7,013)	(8,055)
Dividends paid to non-controlling interests	(4)	(1,870)
Repayments of finance lease liabilities	(814)	(824)
Purchase of treasury shares	(3,990)	(1,998)
Proceeds from disposal of treasury shares	0	1,998
Other	—	(336)
Net cash provided by (used in) financing activities	(2,820)	(30,085)
Effect of exchange rate change on cash and cash equivalents	1,111	1,771
Net increase (decrease) in cash and cash equivalents	(16,251)	13,672
Cash and cash equivalents at beginning of period	44,521	28,270
Increase in cash and cash equivalents from newly consolidated subsidiary	—	592

Increase in cash and cash equivalents resulting from
merger with unconsolidated subsidiaries

28,270

42,533

(5) Notes on Consolidated Financial Statements
(Notes Related to the Assumptions of a Going Concern)
None.

(Segment Information)

1. Reportable Segment Overview

The Company's reportable segments are those for which financial information that is separate from the Company as a whole is available. The Board of Directors reviews these segments regularly in order to determine allocation of management resources and evaluate performance.

The Company has business units for each product at its headquarters, and each business unit comes up with comprehensive domestic and international strategies for its products based on which it engages in business.

As such, the Company is comprised of segments based on business units for each product, the two reportable segments being the Elastomer Business and the Specialty Materials Business.

The Elastomer Business manufactures and sells synthetic rubbers, synthetic latexes, chemicals, and more. The Specialty Materials Business manufactures and sells specialty plastics, specialty materials, information materials, chemicals, medical equipment, and more.

2. Net Sales and Profit/Loss by Reportable Segment and Method of Calculating Amount of Assets and Others

The method of accounting for the reportable segments is in line with the accounting policies adopted to prepare the consolidated financial statements.

Profit in the reportable segments is based on operating profit.

Inter-segment income and transfers are based on prevailing market prices.

3. Information on Sales, Profit/Losses, Assets and Others per Reportable Segment and Profit Disaggregation
Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable Segment			Other (*1)	Total	Adjustment (*2)	Consolidated (*3)
	Elastomer Business	Specialty Materials Business	Total				
Net sales							
Revenue from contracts with customers	218,631	105,335	323,966	64,648	388,614	—	388,614
Net sales to third parties	218,631	105,335	323,966	64,648	388,614	—	388,614
Inter-segment sales and transfers	3,599	20	3,620	622	4,242	(4,242)	—
Total	222,230	105,356	327,586	65,270	392,856	(4,242)	388,614
Segment profit (loss)	10,184	18,296	28,480	2,381	30,861	(3,682)	27,179
Segment assets	234,261	134,490	368,750	41,778	410,529	112,339	522,868
Others							
Depreciation and amortization	8,475	9,574	18,048	268	18,316	2,065	20,382
Investments in entities accounted for using equity method	2,515	—	2,515	—	2,515	—	2,515
Increase in property, plant and equipment and intangible assets	8,527	18,220	26,747	764	27,511	6,534	34,045

Notes: 1. The “Other” classification is for business segments not included in a reportable segment and includes sales of RIM products, paints, etc.

2. Adjustments are as follows:

(1) The ¥-3,682 million adjustment to segment profit includes ¥42 million in elimination of transactions between segments and ¥-3,725 million in company-wide expenses not allocated to reportable segments. Company-wide expenses are primarily selling, general and administrative expenses not belonging to reportable segments.

(2) The adjustments to segment assets were ¥116,747 million in company-wide assets and ¥-4,408 million in intersegment eliminations.

(3) The adjustments to others include those related to company-wide assets not allocated to reportable segments.

3. Segment profit is reconciled to operating profit presented in the consolidated financial statements.

4. The amount of revenue from other sources is insignificant, so it is classified and presented as revenue from customer contracts.

5. Revenue from goods or services transferred over a certain period of time is not presented as it is insignificant.

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable Segment			Other (*1)	Total	Adjustment (*2)	Consolidated (*3)
	Elastomer Business	Specialty Materials Business	Total				
Net sales							
Revenue from contracts with customers	211,356	107,334	318,690	63,589	382,279	—	382,279
Net sales to third parties	211,356	107,334	318,690	63,589	382,279	—	382,279
Inter-segment sales and transfers	3,930	40	3,970	750	4,720	(4,720)	—
Total	215,286	107,373	322,660	64,339	386,999	(4,720)	382,279
Segment profit (loss)	6,635	13,241	19,876	3,927	23,803	(3,303)	20,500
Segment assets	233,233	143,563	376,795	49,468	426,263	105,992	532,254
Others							
Depreciation and amortization	7,385	10,631	18,016	171	18,188	1,935	20,123
Investments in entities accounted for using equity method	2,793	-	2,793	-	2,793	-	2,793
Increase in property, plant and equipment and intangible assets	12,013	16,382	28,395	436	28,830	3,304	32,135

Notes: 1. The “Other” classification is for business segments not included in a reportable segment and includes sales of RIM products, paints, etc.

2. Adjustments are as follows:

(1) The ¥-3,303 million adjustment to segment profit includes ¥-253 million in elimination of transactions between segments and ¥-3,050 million in company-wide expenses not allocated to reportable segments. Company-wide expenses are primarily selling, general and administrative expenses not belonging to reportable segments.

(2) The adjustments to segment assets were ¥110,588 million yen in company-wide assets and ¥-4,596 million yen in intersegment eliminations.

(3) The adjustments to others include those related to company-wide assets not allocated to reportable segments.

3. Segment profit is reconciled to operating profit presented in the consolidated financial statements.

4. The amount of revenue from other sources is insignificant, so it is classified and presented as revenue from customer contracts.

5. Revenue from goods or services transferred over a certain period of time is not presented as it is insignificant.

[Related Information]

Previous fiscal year (From April 1, 2022 to March 31, 2023)

1. Information by product and service

Omitted as the same information is disclosed in Segment Information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	North America	Europe	Asia (except Japan)	Other	Total
154,576	43,922	49,197	135,105	5,814	388,614

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Asia (except Japan)	Total
100,881	9,675	99	3,269	113,924

3. Information by major customer

In our sales to third parties, there are no customers that account for 10% or more of net sales on the consolidated statement of income, so this is omitted.

Current fiscal year (From April 1, 2023 to March 31, 2024)

1. Information by product and service

Omitted as the same information is disclosed in Segment Information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	North America	Europe	Asia (except Japan)	Other	Total
148,090	43,555	50,794	134,755	5,084	382,279

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Asia (except Japan)	Total
106,477	10,873	101	13,221	130,672

3. Information by major customer

In our sales to third parties, there are no customers that account for 10% or more of net sales on the consolidated statement of income, so this is omitted.

[Impairment Losses on Non-current Assets for Each Reportable Segment]

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Elastomer Business	Specialty Materials Business	Other	Eliminations/ Corporate	Total
Impairment loss	10,893	999	1,501	5,997	19,390

Note: The amount in “Corporate/Eliminations” is the impairment loss related to company-wide assets not belonging to any segment.

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Elastomer Business	Specialty Materials Business	Other	Eliminations/ Corporate	Total
Impairment loss	1,482	645	-	423	2,550

Note: The amount in “Corporate/Eliminations” is the impairment loss related to company-wide assets not belonging to any segment.

[Amortization of Goodwill and Unamortized Balances by Reportable Segment]

Previous fiscal year (From April 1, 2022 to March 31, 2023)

None.

Current fiscal year (From April 1, 2023 to March 31, 2024)

None.

[Gain on Negative Goodwill by Reportable Segment]

Previous fiscal year (From April 1, 2022 to March 31, 2023)

None.

Current fiscal year (From April 1, 2023 to March 31, 2024)

None.

(Per Share Information)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net assets per share	1,591.79 yen	1,714.88 yen
Basic earnings per share	49.94 yen	147.19 yen
Fully diluted net income per share	49.92 yen	147.12 yen

Note: The basis for calculating basic earnings per share and fully diluted basic earnings per share is as follows:

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	10,569	31,101
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent applicable to common shares (Millions of yen)	10,569	31,101
Average number of shares outstanding in each year (Thousands of shares)	211,628	211,298
Fully diluted net income per share		
Adjusted profit attributable to owners of parent (Millions of yen)	—	—
Increase in common shares (Thousands of shares)	110	97
(Stock options) (Thousands of shares)	(110)	(97)
Descriptions of dilutive common shares that were not included in the calculation of diluted basic earnings per share because of their anti-dilutive effect	—	—

*Treasury shares held by the Board Benefit Trust – Restricted Stock (BBT-RS) are included in the treasury share deduction when calculating the average number of shares of during the period. The average number of such treasury shares deducted when calculating the average number of shares during the period was 886,000 shares in the fiscal year under review.

(Significant Subsequent Events)

(Purchase and Retirement of Treasury Shares)

At a meeting of the Board of Directors held on April 25, 2024, the Company resolved matters pertaining to the purchase of treasury shares, pursuant to Article 156 of the Companies Act as applied pursuant to the provisions of Article 165, Paragraph 3 of the said Act. The Company also resolved to retire treasury shares in accordance with the provisions of Article 178 of the same.

1. Reasons for the purchase and retirement of treasury shares

To enhance shareholder return and improve capital efficiency

2. Matters related to the purchase of treasury shares

(1) Type of shares to be purchased: The Company's common stock

(2) Total number of shares to be purchased: 10 million (maximum)

(Percentage of total number of shares issued (excluding treasury shares): 4.73%)

(3) Total value of shares to be purchased: ¥10,000 million (maximum)

(4) Purchase period: May 7, 2024 - March 21, 2025

(5) Purchase method: Market purchase using trust method

3. Matters related to the retirement of treasury shares

(1) Type of shares to be retired: The Company's common stock

(2) Total number of shares to be retired: All treasury shares purchased in 2. above

(3) Retirement date: April 4, 2025

Reference: Treasury shareholdings as of March 31, 2024

Total number of shares issued (excluding treasury shares): 211,315,491 shares

Number of treasury shares: 18,198,165 shares

*The Company has introduced a Board Benefit Trust - Restricted Stock (BBT-RS), and the number of treasury shares includes those held by the trust.