

# Financial Results

## FY2022 (Apr.1- Mar.31)



**April 26, 2023**  
**ZEON CORPORATION**

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## [Summary]

- ◆ In Q4 consolidated results, sales were up, but profits were down YoY, while both sales and profits were down QoQ.
- ◆ As for raw material prices, Naphtha was down, while Asian butadiene was up. Yen was appreciated.
- ◆ Overall, market was lackluster due to sluggish demand caused by economic recession.

## [Elastomer Business Overview]

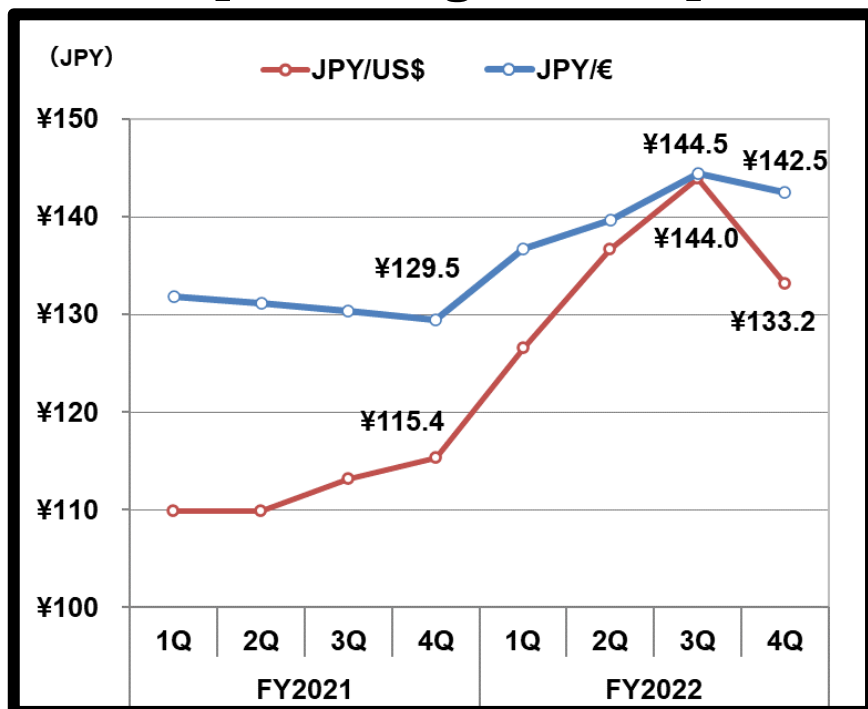
- ◆ Sales up but profits down YoY owing to selling price adjustments in response to raw material prices and impact of exchange rate, etc. Both sales and profits down QoQ.
- ◆ Sales volume up QoQ, but market was lackluster.

## [Specialty Materials Business Overview]

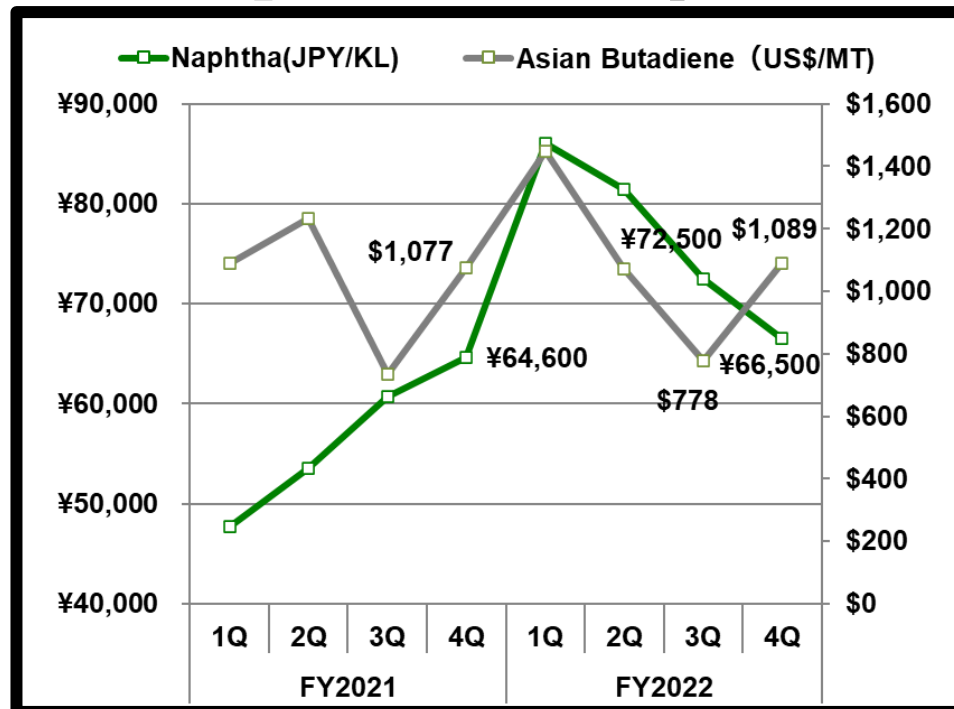
- ◆ Sales of battery materials down due to customer inventory adjustments, but leveled off due to consolidation adjustments. Sales of large size films down YoY due to decreased shipments. Sales of specialty plastics up QoQ, but turned to down due to adjustments under the Accounting Standard for Revenue.
- ◆ Profits down both YoY and QoQ due to increase in energy prices and new development costs.

# Q4 FY2022 Business Environment (Trends in Exchange Rates and Prices of Raw Materials)

## [Exchange Rates]



## [Raw Materials]



	Q4 FY2021	Q3 FY2022	Q4 FY2022	YoY(%)	QoQ(%)
JPY/US\$	¥115.4	¥144.0	¥133.2	+15%	▲ 7%
JPY/€	¥129.5	¥144.5	¥142.5	+10%	▲ 1%
Naphtha(JPY/KL)	¥64,600	¥72,500	¥66,500	+3%	▲ 8%
Asian Butadiene(US\$/MT)	\$1,077	\$778	\$1,089	+1%	+40%

\*Naphtha: Figures for Q4 FY2021 and Q3 FY2022 are confirmed, while the figure for Q4 FY2022 is our estimate.

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(Unit : JPY100m)

	Q4 FY2021	Q3 FY2022	Q4 FY2022	YoY	QoQ	FY2021	FY2022	YoY (FY)
Net Sales	930	968	944	+14	-24	3,617	3,886	269
Operating Income	80	77	-7	-87	-83	444	272	-173
Ordinary Income	103	67	3	-100	-64	495	314	-181
Net Income	60	9	-77	-138	-86	334	106	-228

- YoY (in 3 mo.) : Net Sales +1.4B JPY, Operating Income -8.7B JPY
- QoQ : Net Sales -2.4B JPY, Operating Income -8.3B JPY
- YoY (in 12 mo.) : Net Sales +26.9B JPY, Operating Income -17.3B JPY

**Note:** Results at overseas subsidiaries from October to December 2022 are reflected in Q4 consolidated results.

# Q4 FY2022 Performance Summary (By Segment)

(Unit : JPY100m)

## Net Sales

	Q4 FY2021	Q3 FY2022	Q4 FY2022	YoY	QoQ
Elastomer Business	526	559	549	23	-10
Specialty Materials Biz.	265	249	239	-26	-11
Others/Eliminations, etc.	139	159	157	18	-3
<b>Net Sales (consolidated)</b>	<b>930</b>	<b>968</b>	<b>944</b>	<b>14</b>	<b>-24</b>

## Operating Income

	Q4 FY2021	Q3 FY2022	Q4 FY2022	YoY	QoQ
Elastomer Business	27	29	-20	-47	-49
Specialty Materials Biz.	60	49	18	-42	-31
Others/Eliminations, etc.	-6	-1	-4	2	-3
<b>Net Sales (consolidated)</b>	<b>80</b>	<b>77</b>	<b>-7</b>	<b>-87</b>	<b>-83</b>



# FY2022 Performance Summary (By Segment)

(Unit : JPY100m)

## Net Sales

	FY2021	FY2022 FCST	FY2022	YoY (FY)	YoY (vs FCST)	YoY % (vs FCST)
Elastomer Business	2,006	2,205	2,222	+217	+17	1 %
Specialty Materials Biz.	1,068	1,050	1,054	-14	+4	0 %
Others/Eliminations, etc.	544	615	610	+67	-5	-1 %
Net Sales (consolidated)	3,617	3,870	3,886	+269	+16	0 %

## Operating Income

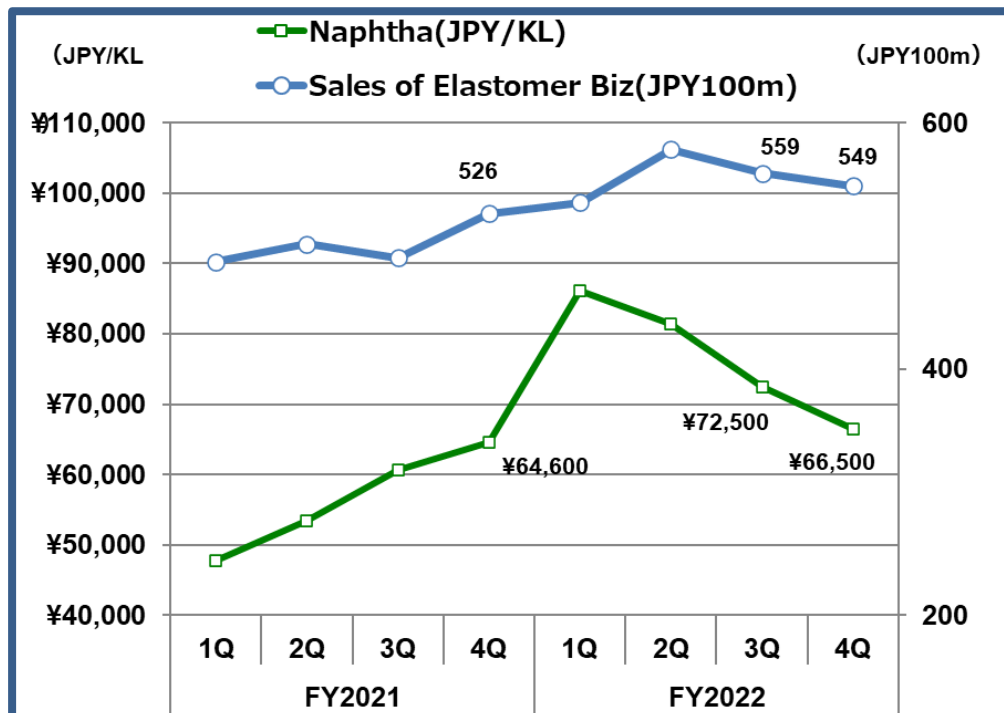
	FY2021	FY2022 FCST	FY2022	YoY (FY)	YoY (vs FCST)	YoY % (vs FCST)
Elastomer Business	186	100	102	-84	+2	2 %
Specialty Materials Biz.	264	190	183	-81	-7	-4 %
Others/Eliminations, etc.	-6	-11	-13	-8	-2	18 %
Net Sales (consolidated)	444	280	272	-173	-8	-3 %

Note: FCST for 2022 is as of January 31, 2023.

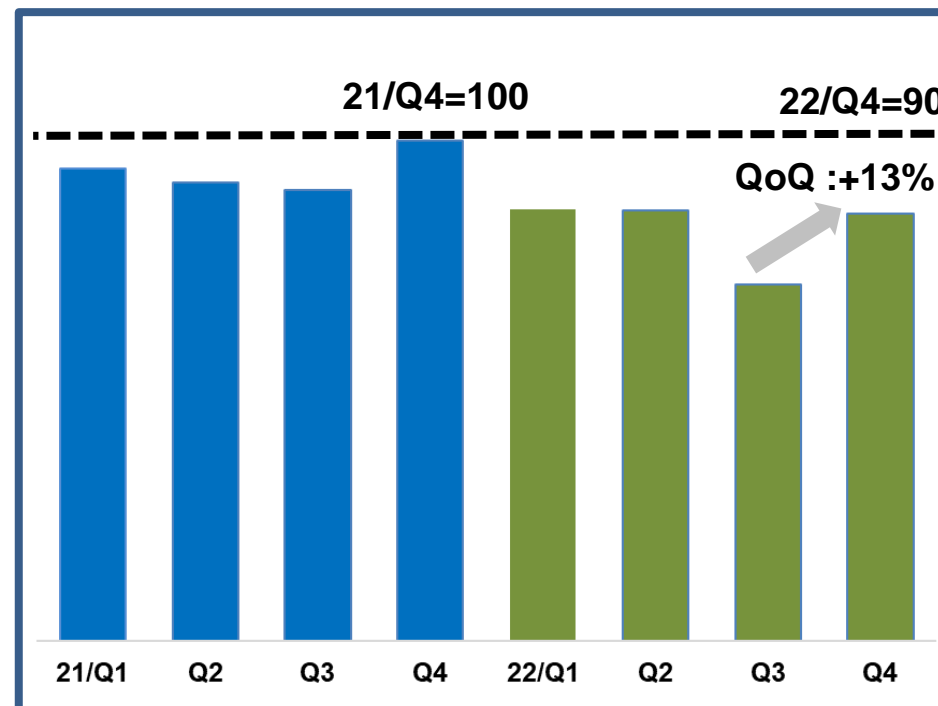


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## [Naphtha Price vs. Elastomer Sales]



## [ Synthetic Rubber Sales Volume ]



- Net sales down due to selling price adjustments corresponding to Naphtha prices.
- Synthetic rubber sales volume down YoY due to shipment adjustments for regular repairs at main plants but up QoQ after repairs complete.

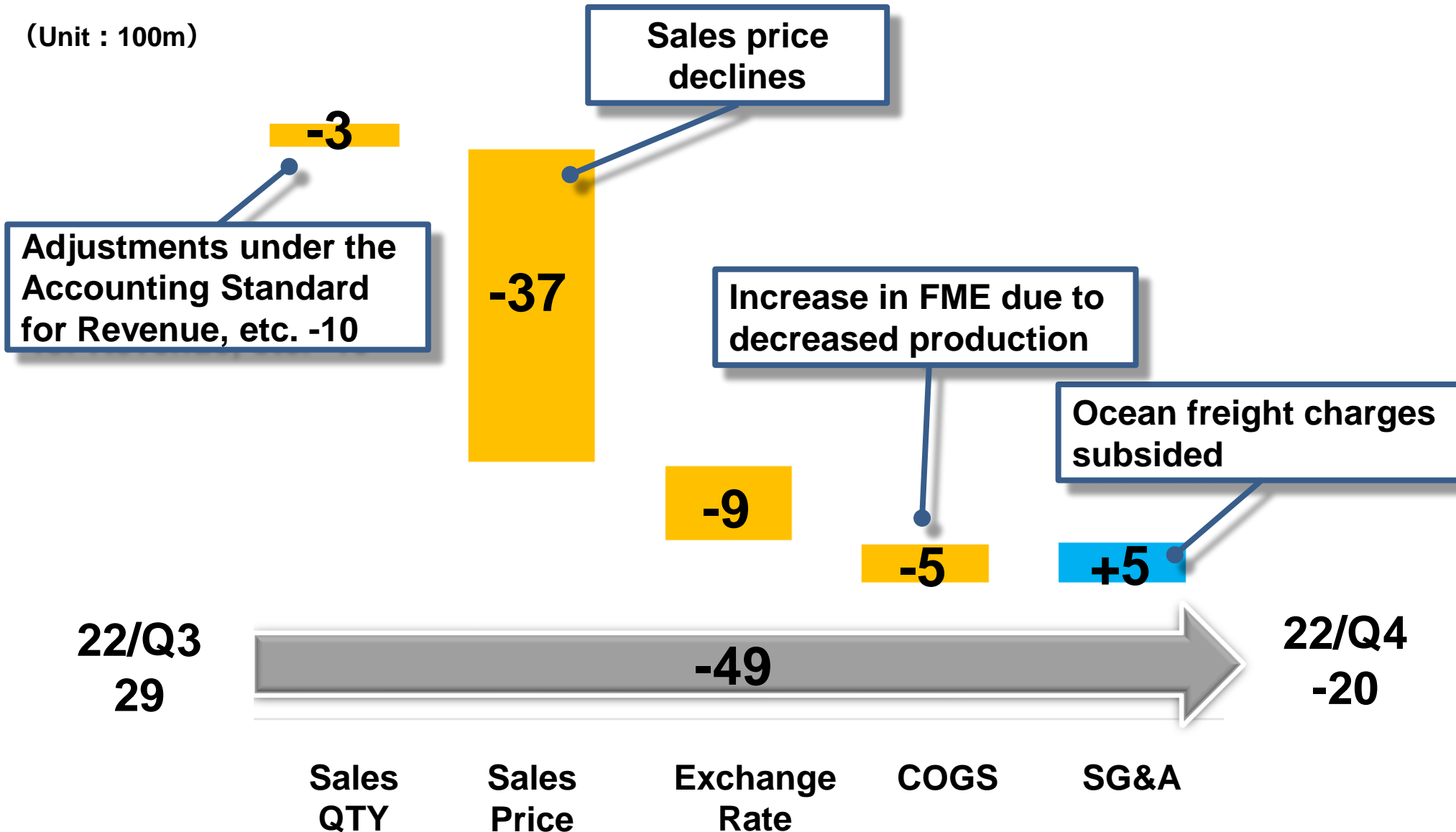
(Unit : 100m)	Q4 FY2021	Q3 FY2022	Q4 FY2022	YoY	YoY(%)	QoQ	QoQ(%)
<b>Sales Volume€ (21/Q4=100)</b>	<b>100</b>	<b>76</b>	<b>81</b>	<b>-19 pt</b>	<b>-19 %</b>	<b>5 pt</b>	<b>7 %</b>
Synthetic rubbers	100	80	90	-10 pt	-10 %	10 pt	13 %
Latexes	100	73	59	-41 pt	-41 %	-13 pt	-18 %
Chemicals	100	66	71	-29 pt	-29 %	4 pt	7 %
<b>Net Sales</b>	<b>526</b>	<b>559</b>	<b>549</b>	<b>23</b>	<b>4 %</b>	<b>-10</b>	<b>-2 %</b>
Synthetic rubbers	354	413	400	46	13 %	-14	-3 %
Latexes	46	35	29	-17	-36 %	-5	-15 %
Chemicals	116	98	107	-9	-8 %	9	9 %
Others/Eliminations	10	13	13	2	22 %	0	-1 %
<b>Operating Income</b>	<b>27</b>	<b>29</b>	<b>-20</b>	<b>-47</b>	<b>-175 %</b>	<b>-49</b>	<b>-170 %</b>
Operating income ratio	5%	5%	-4%				

■ Sales volume: Synthetic rubber shipments were down YoY, but up QoQ, and there was also continued excess latex inventory for gloves and excess chemical inventory for adhesive tapes.

■ Net sales / Operating income: Synthetic rubbers were up YoY in 12 mo. owing to selling price adjustments according to raw material prices but chemicals were down YoY due to market lackluster.

# Elastomer Business Operating Income Variance (QoQ)

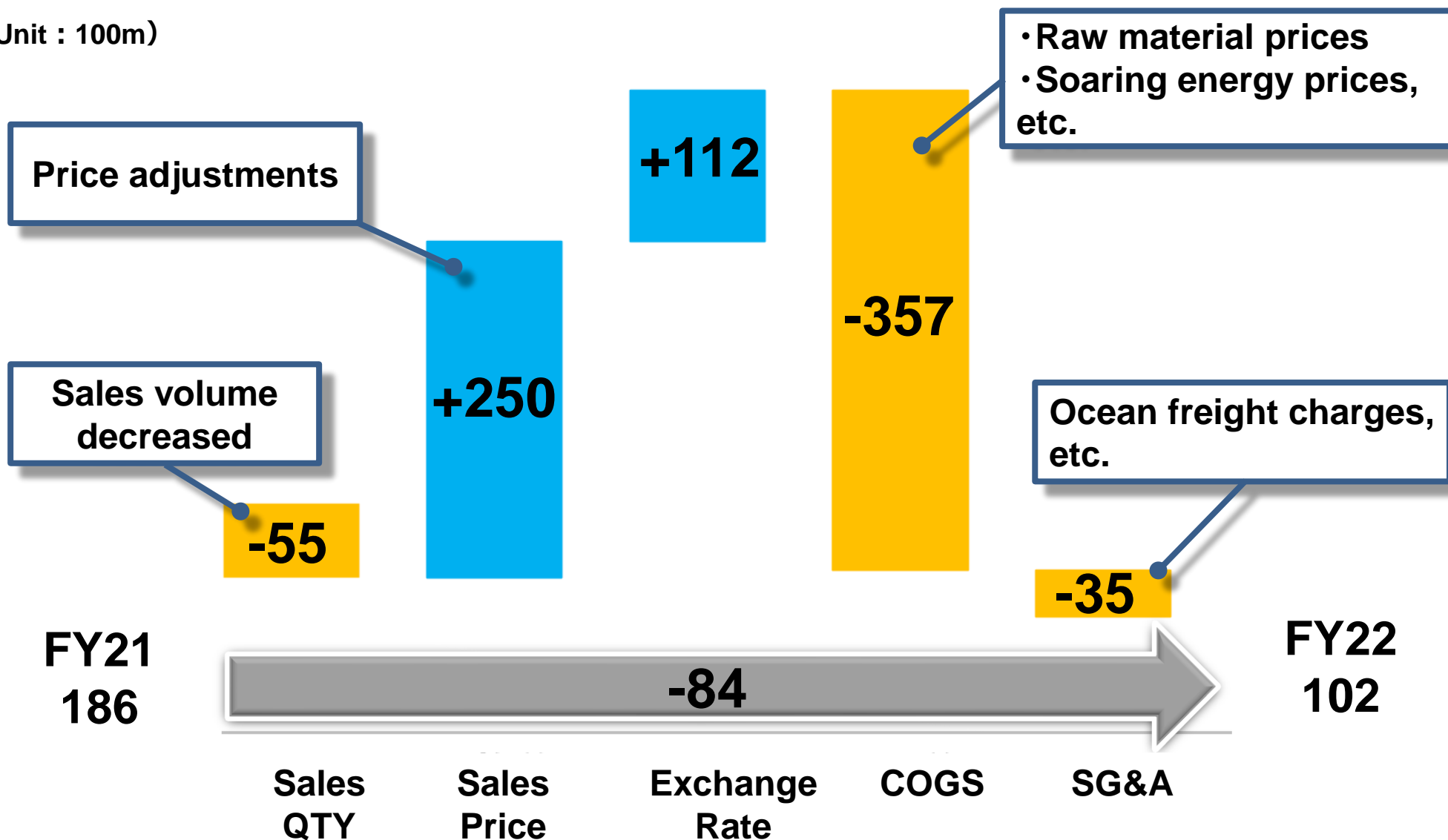
(Unit : 100m)



# Elastomer Business Operating Income Variance (YoY)

**ZEON**

(Unit : 100m)



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(Unit : 100m)

	Q4 FY2021	Q3 FY2022	Q4 FY2022	YoY	YoY(%)	QoQ	QoQ(%)
<b>Net Sales</b>	<b>265</b>	<b>249</b>	<b>239</b>	<b>-26</b>	<b>-10 %</b>	<b>-11</b>	<b>-4 %</b>
* Specialty plastics	151	141	135	-16	-10 %	-6	-4 %
Specialty chemicals	101	96	95	-6	-6 %	-1	-1 %
Medical devices, etc.	14	12	9	-5	-35 %	-3	-27 %
<b>Operating Income</b>	<b>60</b>	<b>49</b>	<b>18</b>	<b>-42</b>	<b>-71 %</b>	<b>-31</b>	<b>-64 %</b>
Operating Income ratio	23%	20%	7%				

\* Specialty plastics : Optical plastics and optical films

Specialty chemicals: Battery materials, specialty chemicals, electronic materials and polymerized toners

## ■ Net Sales

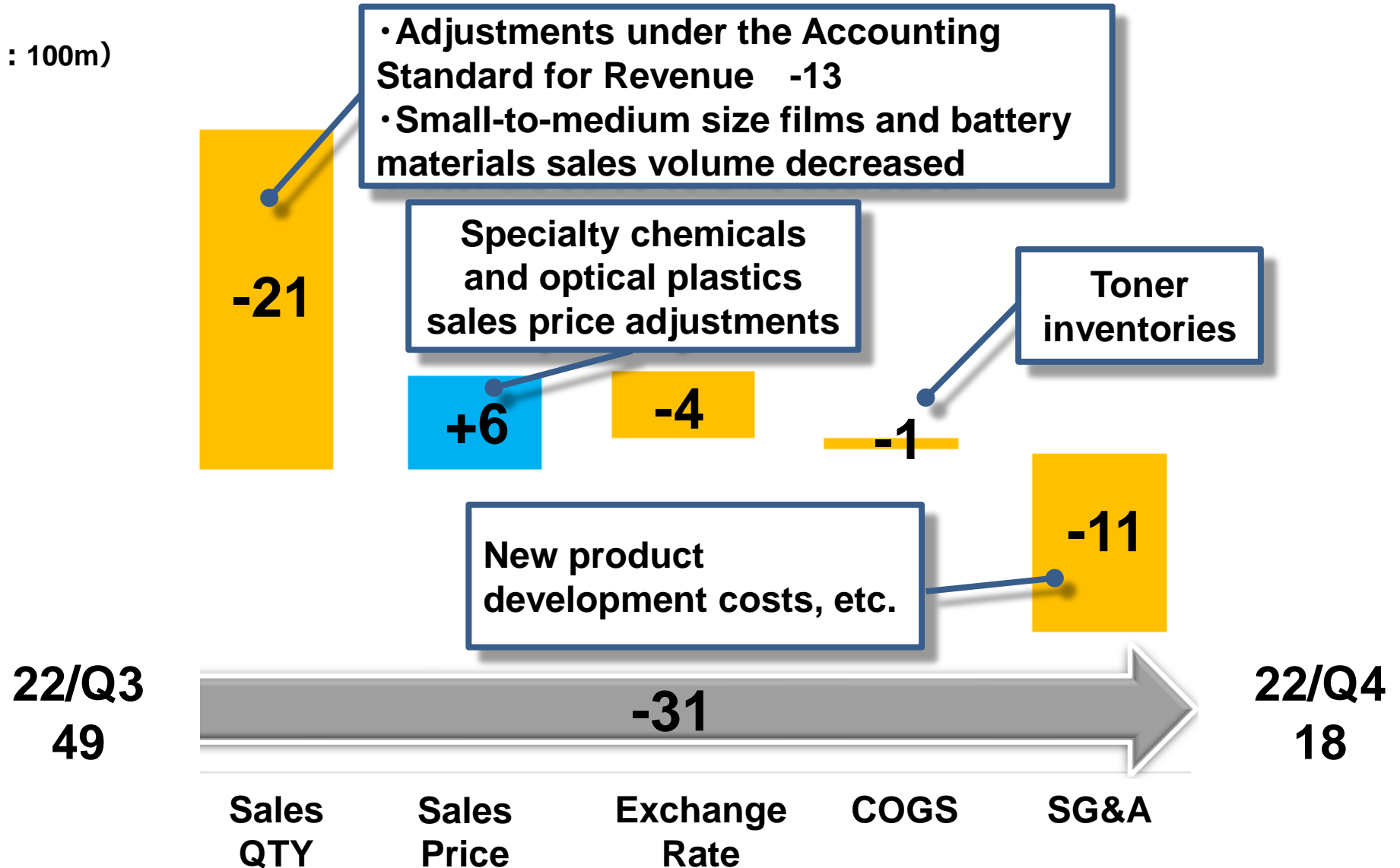
- Specialty plastics: Down YoY due to decreased shipments of large size films, and up QoQ owing to shipment volume increased, but turned to down due to adjustments under the Accounting Standard for Revenue.
- Specialty chemicals: Down YoY due to decreased toner sales volume resulting from lull in telework demand. Battery materials sales flat due to consolidation adjustments despite decreased sales volume.

- Operating income down both YoY and QoQ due to decreased battery materials sales volume and increase in energy prices and new development costs.



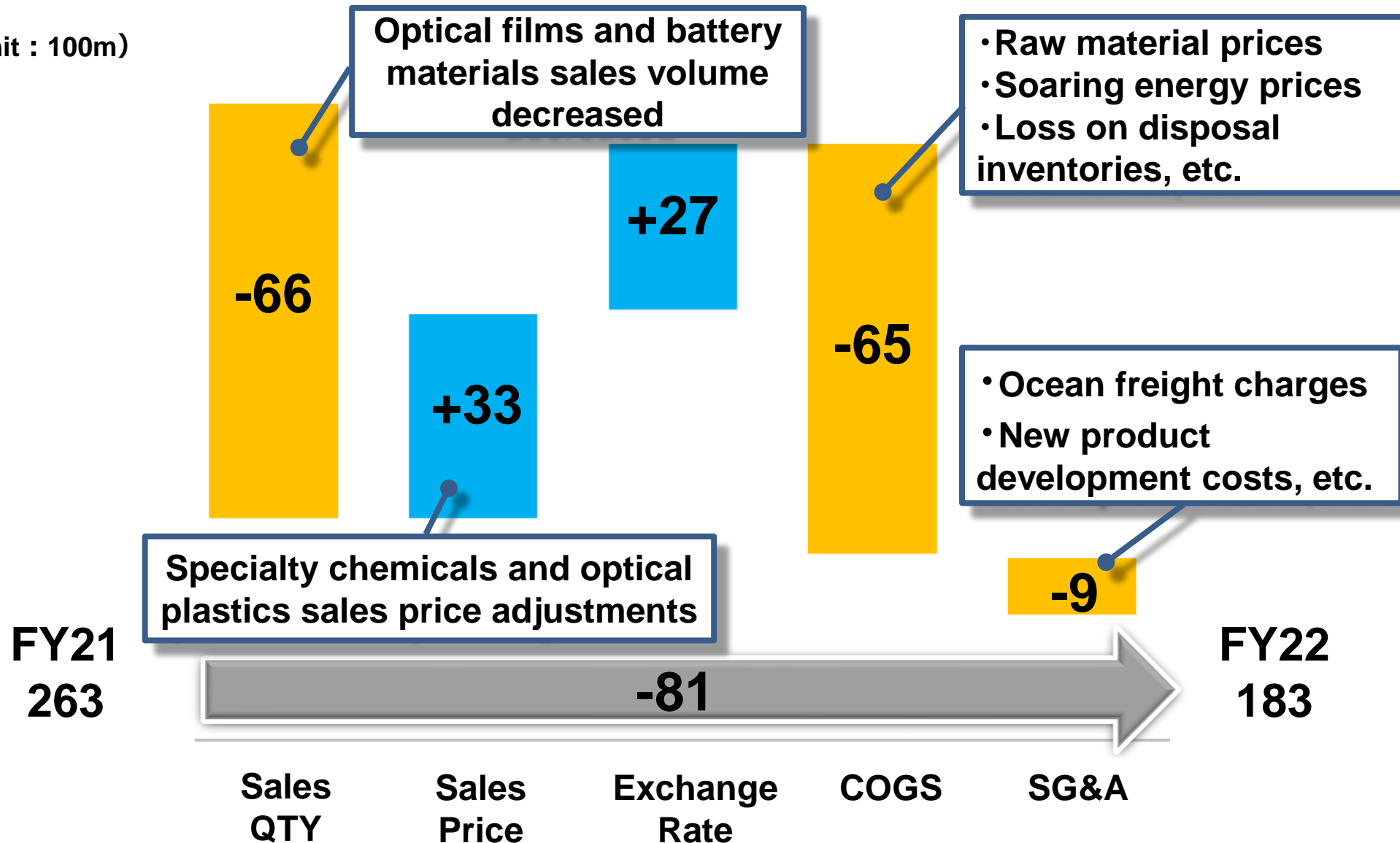
# Specialty Materials Operating Income Variance (QoQ)

(Unit : 100m)



# Specialty Materials Operating Income Variance (YoY)

(Unit : 100m)



	YoY	QoQ	YoY Cumulative total
EV	69%	68%	110%
Consumer use, etc.	38%	35%	63%
Total	63%	61%	99%

## ■ EV

- Sales volume down both YoY and QoQ due to customer inventory adjustments.
- Recovery in demand following inventory adjustments expected starting in 2Q of FY2023.

## ■ Consumer use, etc.

- Reactionary decline from ahead-of-schedule shipments for Chinese New Year.
- Sales volume down YoY and QoQ due to lackluster demand caused by economic recession, especially for mobile devices.

	YoY	QoQ	YoY Cumulative total
Optical use	57%	81%	70%
Medical use, etc.	101%	142%	122%
Total	88%	125%	104%

## ■ Optical use

- Demand remained sluggish due to economic recession, so shipments were lackluster.

## ■ Medical use, etc.

- Demand steady, especially in Europe and US.
- Sales volume up both YoY and QoQ owing in part to reactionary increase from 3Q in-between season.

	YoY	QoQ	YoY Cumulative total
For small-to-medium size	60%	68%	84%
For Large size FPD	83%	160%	69%
Total	79%	135%	72%

## ■ For small-to-medium size

- Sales volume down both YoY and QoQ with sluggish demand caused by in-between season and economic slowdown.

## ■ For Large size

- Shipments gradually recovered in Q2 after suspension of procurement activities by TV manufacturers. Sales volume was down YoY, but up QoQ owing to steady demand.
- Full-scale recovery in demand expected starting in FY2023.

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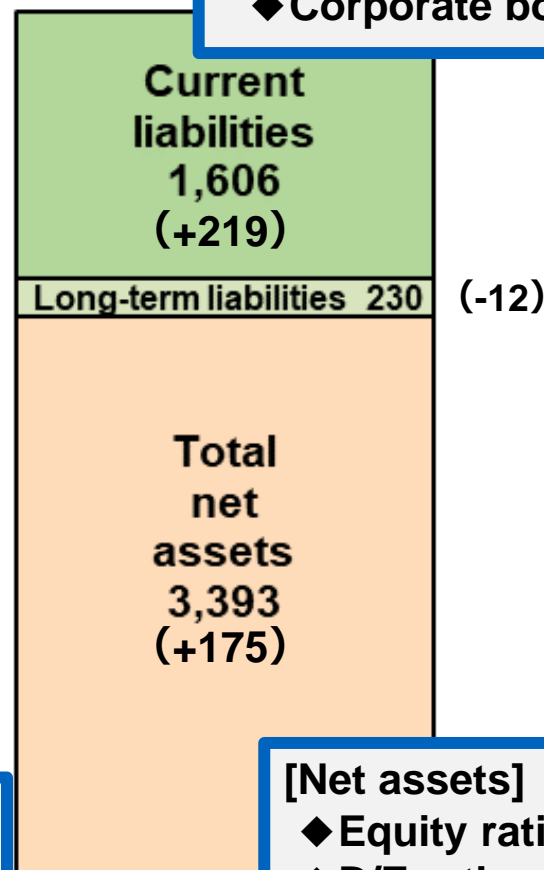
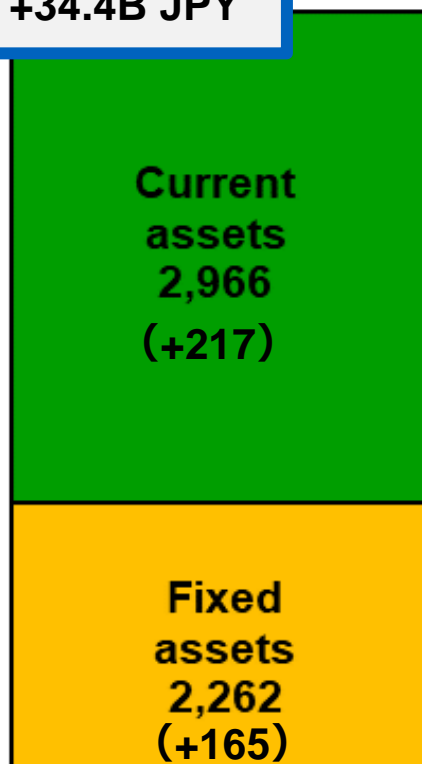
(Unit : 100m)

**Total assets 5,229 (+382)**

()=vs end of FY2021

<b>[Current assets]</b>	<b>+21.7B JPY</b>
◆Cash and deposits	-17.2B JPY
◆Accounts receivable	+3.8B JPY
◆Inventory assets	+34.4B JPY

<b>[Current liabilities]</b>	<b>+21.9B JPY</b>
◆Trade payables	+3.8B JPY
◆Short-term borrowings	+19.0B JPY
◆Corporate bonds	-10.0B JPY

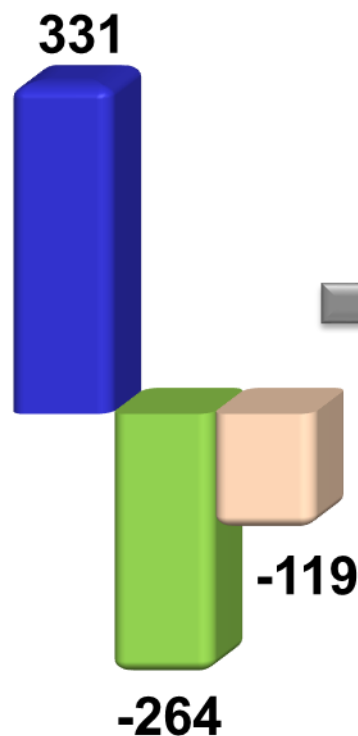
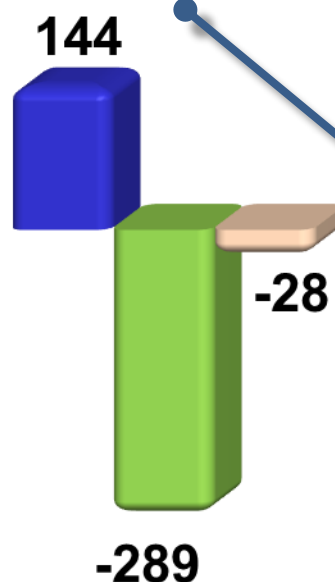


<b>[Non-current assets]</b>	<b>+16.5B JPY</b>
◆Property, plant and equipment	-4.4B JPY
◆Investment securities	+19.4B JPY

<b>[Net assets]</b>	<b>+17.5B JPY</b>
◆Equity ratio	64.3% (-1.4)
◆D/E ratio	0.08 (+0.02)



(Unit : 100m)

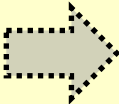
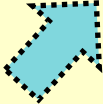
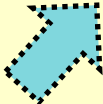
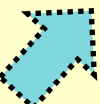
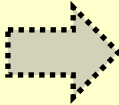
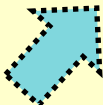
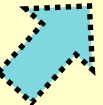
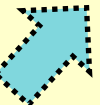




Q4  
FY2021Q4  
FY2022

	FY2021	FY2022
CF from Operating Act.	331	144
CF from Investing Act.	-264	-289
<b>Free CF</b>	<b>67</b>	<b>-145</b>
CF from Financing Act.	-119	-28
<b>CF</b>	<b>-52</b>	<b>-174</b>

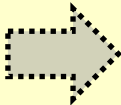
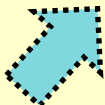
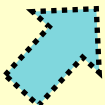
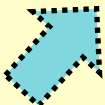
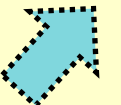


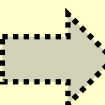
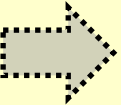

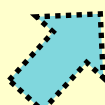
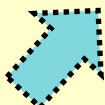
- Income before income taxes +14.5B JPY
- Tax payment -14.9B JPY
- Depreciation and amortization +20.4B JPY
- Inventories (for regular repairs) -31.1B JPY

- CF from Operating Act.
- CF from Investing Act.
- CF from Financing Act.

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		FY2023				
Elastomer Business	Sales FCST		OP. Income FCST		Comments	
	H1	H2	H1	H2		
	(Unit: JPY100m)	1,045	1,135	17	48	H1 of FY2023 will be par with H2 of FY2022. Demand will recover from H2 of FY2023.  Net sales -42 OP. income -37 vs. FY 2022
Synthetic rubbers					Automobile market expected to be on par with FY2022. OP. income will be down due to increased costs associated with human capital resources, etc.	
Latexes					Demand for gloves expected to be on per with FY2022. OP. income will be up owing to business structural reforms.	
Chemicals					Demand for adhesive tapes expected to be sluggish until H2. Sales and OP. income of FY2023 will be down compared to FY2022.	

\*The H1 trend of FY2023 are evaluated against the H2 of FY2022.  
The H2 trend of FY2023 are evaluated against the H1 of FY2023.

FY2023					
Specialty Materials	Sales FCST		OP. Income FCST		Comments
	H1	H2	H1	H2	
	545	615	80	100	
(Unit: JPY100m)					Steady demand recovery and sales expansion expected.
					Net sales +106 OP. income -3 vs. FY 2022
Optical plastics					Optical use expected to be recovered from H2. Demand steady for medical use, etc. Shipment adjustments during regular repairs at Mizushima Plant in H1.
Optical films					Market of large size films expected to be on par with FY2021. OP. income will be down due to increased depreciation expenses for new production lines for large size films.
Battery materials					Expect shipments to increase mainly in the EV market.

\*The H1 trend of FY2023 are evaluated against the H2 of FY2022.  
The H2 trend of FY2023 are evaluated against the H1 of FY2023.

(Unit : JPY100m)

## Net Sales

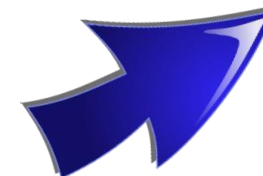
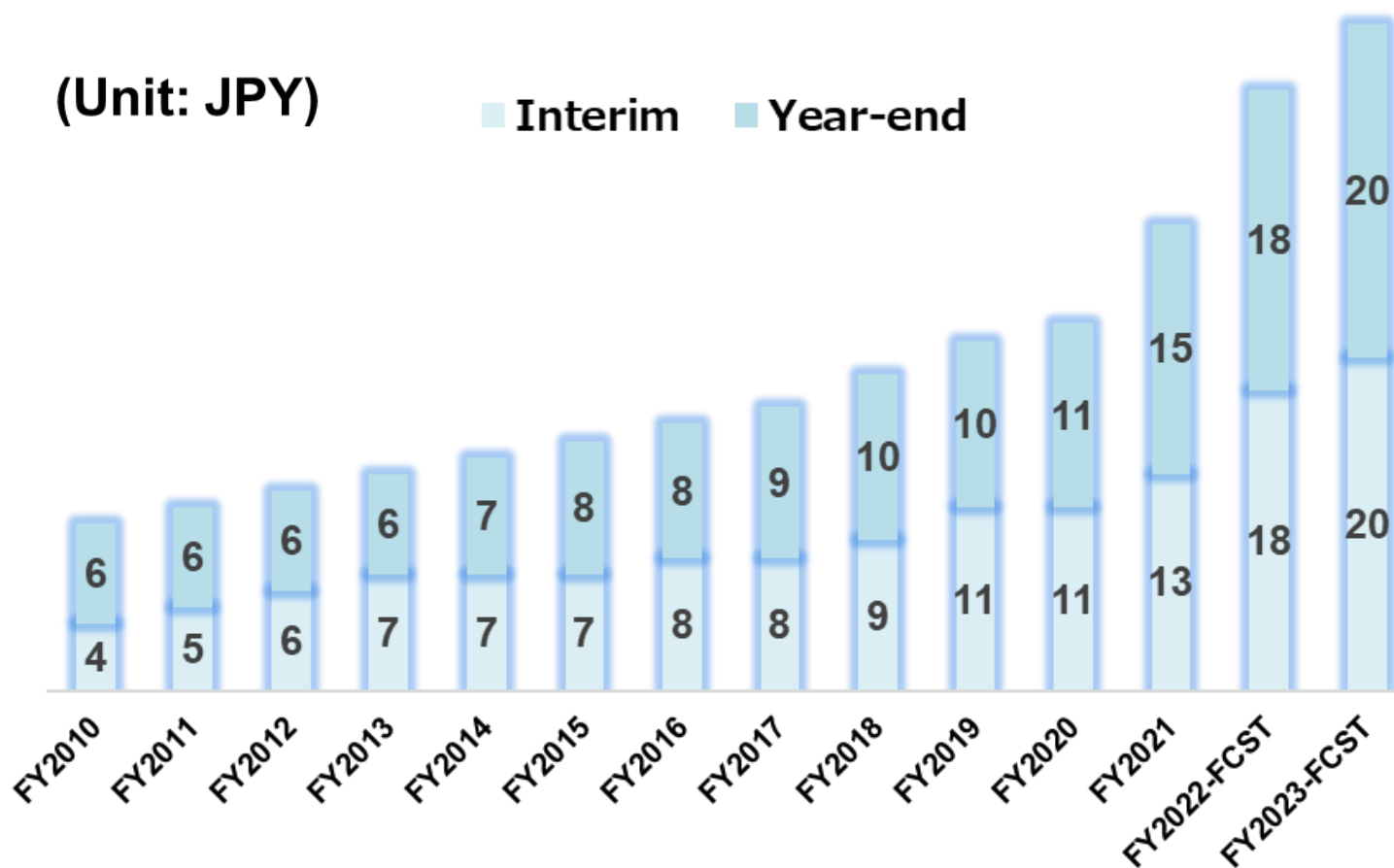
	FY2022 Act.	FY2023 H1 FCST	FY2023 H2 FCST	FY2023 FCST	Diff.
Elastomer Business	2,222	1,045	1,135	2,180	-42
Specialty Materials Biz.	1,054	545	615	1,160	106
Others/Eliminations, etc.	610	310	340	650	40
<b>Net Sales (consolidated)</b>	<b>3,886</b>	<b>1,900</b>	<b>2,090</b>	<b>3,990</b>	<b>104</b>

## Operating Income

	FY2022 Act.	FY2023 H1 FCST	FY2023 H2 FCST	FY2023 FCST	Diff.
Elastomer Business	102	17	48	65	-37
Specialty Materials Biz.	183	80	100	180	-3
Others/Eliminations, etc.	-13	-22	17	-5	8
<b>Net Sales (consolidated)</b>	<b>272</b>	<b>75</b>	<b>165</b>	<b>240</b>	<b>-32</b>

■ FY2023 forecast is net sales 399.0B JPY and operating income 24.0B JPY

• US\$=¥130, €=¥140, Naphtha=¥64,000, Asian butadiene=US\$1,000



**Stable and continuous dividends  
(no change in policy)**

- Dividend forecast: Interim ¥20/share, at the year-end ¥20/share  
⇒ total ¥40/share/year (+¥4 YoY)
- 14 consecutive years of increases since FY2010

## Next Announcement

<b>Financial Results Q1FY2023</b>	<b>July 27<sup>th</sup>, 2023</b>
<b>Medium-Term Business Plan</b>	<b>Scheduled for AM of June 7<sup>th</sup>, 2023</b>







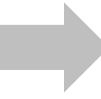








Subject to change without notice

Zeon's plans, forecasts, and other data appearing in this presentation were calculated based on information which was currently available and therefore includes risks and uncertainties. Actual results may differ depending on various factors.

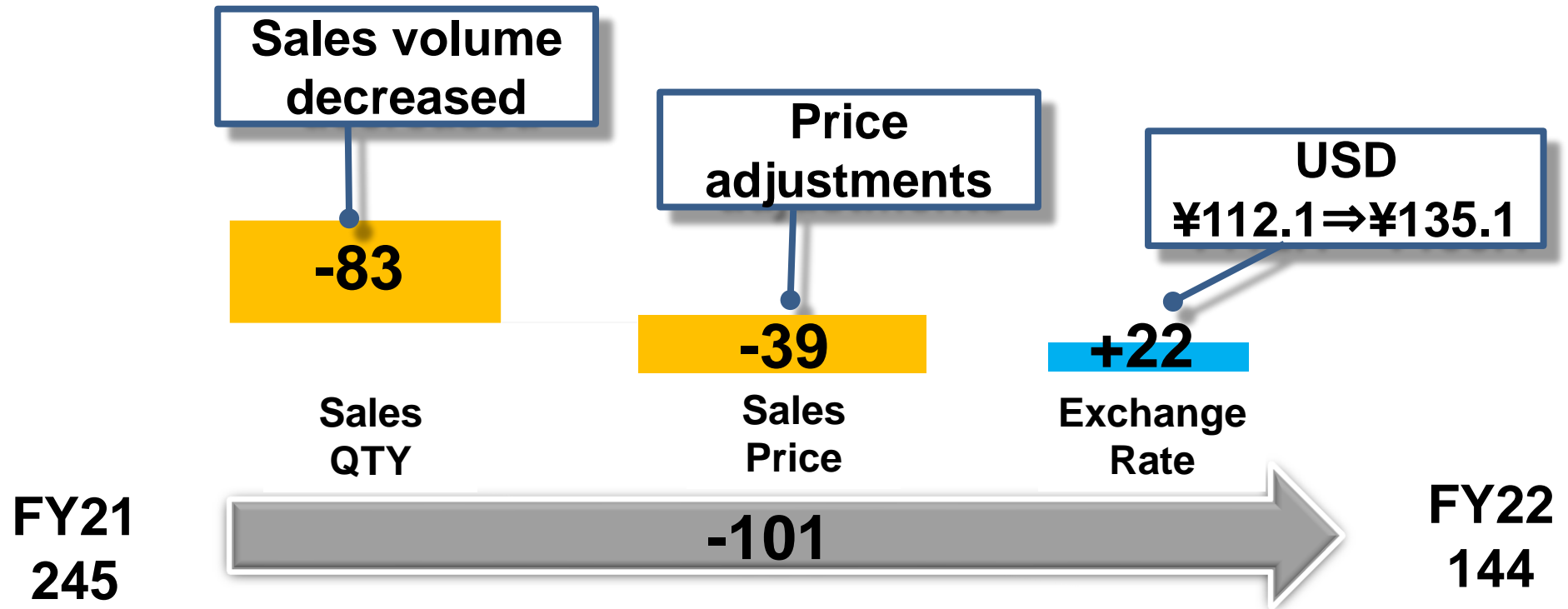
Click [here](#) for  
**ZEON Integrated report**

This document is a translation of the original Japanese-language and is provided for convenience only.  
In all cases, the original Japanese version shall take precedence.



























	FY2022 (vs. FY2022 FCST)			
Business	Ship ments	Sales	OP. income	Difference
Elastomers	—	+17	+2	
Synthetic rubbers				Sales and OP. income up owing to increased sales volume and depreciation of yen.
Chemicals				Sales up owing to increased sales volume and depreciation of yen. Profits down due to loss on disposal inventories, etc.
Specialty Materials	—	+4	-7	
Optical plastics				Sales and OP. income down due to adjustments under the Accounting Standard for Revenue
Optical films				Increase in sales for large size offset by decrease in sales for small to medium size, but OP. income up with decrease in SG&A from careful selection of experimental production.
Battery materials				Inventory adjustments expanded, but sales up owing to adjustment for consolidation, while OP. income down due to increase in new development costs.

(Unit : JPY100m)



























	Q1 FY2020	Q4 FY2021	Q3 FY2022	Q4 FY2022	YoY	YoY(%)	QoQ	QoQ(%)
ASP								
21/4Q=100		100	103	107	7 pt	7 %	4 pt	4 %
20/1Q=100	100	159	164	170	-	-	-	-

Q4 FY2022 (vs. Q3 FY2022)				
Business	Ship ments	Sales	OP. income	Difference
Synthetic rubbers				Sales volume up QoQ after repairs complete. Sales and OP. income down due to downward revision of selling prices in response to drop in raw material prices and appreciation of the yen.
Latexes				Both sales and OP. income down due to excess inventory for latex gloves.
Chemicals				Sales up QoQ, but demand was sluggish due to excess inventory for adhesive tapes. OP. income down due to downward revision of selling prices in response to drop in raw material prices and appreciation of the yen in addition to loss on disposal inventories, etc.





	Q4 FY2022 (vs. Q3 FY2022)					
Business	Ship ments	Consolidated		Non- consolidated		Difference
		Sales	OP. income	Sales	OP. income	
Optical plastics						Shipments for medical use steady, but both sales and OP. income down due to adjustments under the Accounting Standard for Revenue.
Optical films						Shipments for large size was recovering, but shipments for small-to-medium size in in-between season. Both sales and profits down due to decreased small-to-medium size sales volume.
Battery materials						Sales volume decreased due to customer inventory adjustments and reactionary decline from ahead-of-schedule shipments for Chinese New Year. Sales flat owing to consolidation adjustments. OP. income down due to decreased shipments and increase of new development costs.

\*Non-consolidated sales and OP. income exclude adjustments under the Accounting Standard for Revenue.

FY2022 (vs. FY2021)				
Business	Shipments	Sales	OP. income	Difference
Synthetic rubbers				Sales volume adjustments due to regular repairs at main plants. Both sales and OP. income up with selling price adjustments to address soaring raw material prices and ocean freight, etc.
Latexes				Both sales and OP. incomes down due to delay in recovery of demand for glove latex.
Chemicals				Sales volume down due to sluggish demand. Sales up with selling price adjustments to address soaring material prices and ocean freight, etc. OP. income down due to soaring raw material and energy prices in addition to decreased shipments.

	FY2022 (vs. FY2021)					
Business	Ship ments	Consolidated		Non- consolidated		Difference
		Sales	OP. income	Sales	OP. income	
Optical plastics						Sales up owing to steady shipments for medical use, etc. Profits down due to soaring raw material, energy prices and ocean freight charges.
Optical films						Sales down due to decreased shipments for large size and lull in shut-in demand for small-to-medium size. Profits down due to soaring raw material, energy prices and ocean freight charges.
Battery materials						Sales volume flat due to several customer inventory adjustments. Sales up owing to consolidation adjustments. Profits down due to soaring material and energy prices and increase in new development costs.

\*Non-consolidated sales and OP. income exclude adjustments under the Accounting Standard for Revenue.

Use	Market Trends for FY2023 (vs. FY2022)	Business environment
Large size TVs		Recovery in production of large LCDs.
Smartphones		Results expected to be on par with previous year.
Tablets		Results expected to be on par with previous year due to lull in shut-in demand.
laptops		Same as above.

\*Market Trends for FY2023 are based on our forecasts and sales outlook of our products by use against FY2022.

## Positives

**Early recovery in end market demand**

**Depreciation of the yen**

**Early completion of inventory adjustments**

**Depreciation of the yen against the dollar**

**Economic recovery**

**Depreciation of the yen against the euro**

## Negatives

**Delay recovery in end market demand**

**Appreciation of the yen**

**Prolong completion of inventory adjustments**

**Appreciation of the yen against the dollar**

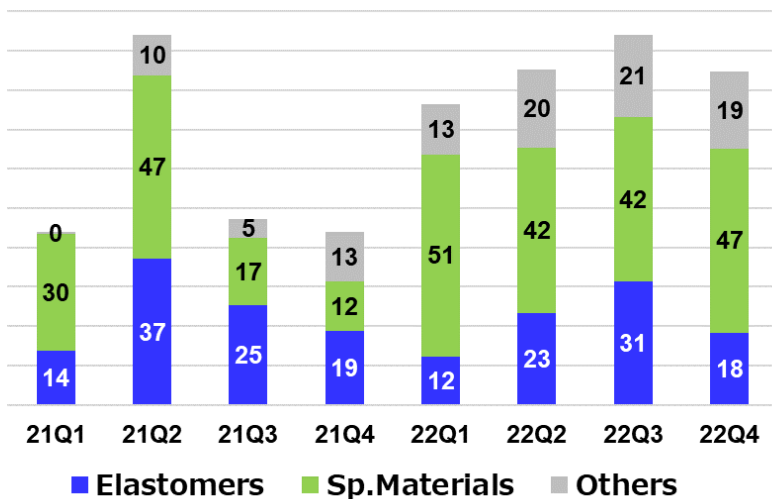
**Economic recession**

**Appreciation of the yen against the euro**

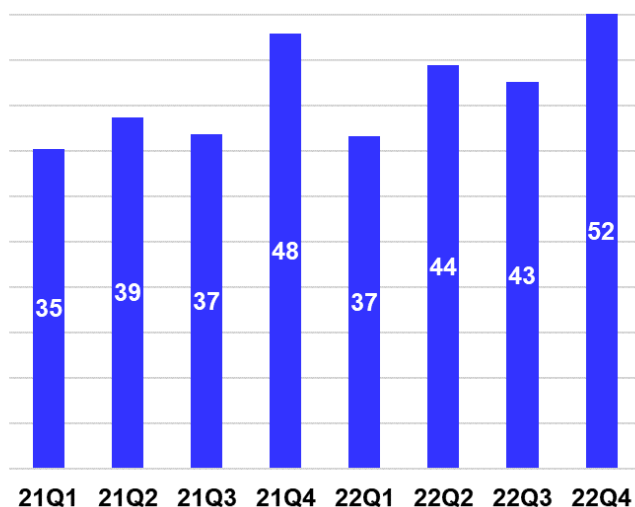


(Unit : JPY100m)

[Capital Expenditures]



[R&D Expenses]



**FY2021**  
**229**

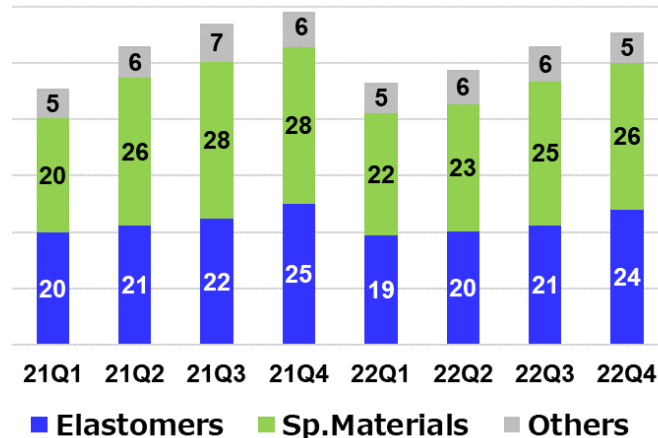


**FY2022**  
**340**



**FY2023**  
**300**

[Depreciation & Amrtization]



**FY2021**  
**215**



**FY2022**  
**204**



**FY2023**  
**195**

**FY2021**  
**159**



**FY2022**  
**176**



**FY2023**  
**180**