

Financial Results FY2023 (Apr.1- Mar.31)



April 25, 2024
ZEON CORPORATION

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【 Summary 】

- ◆ In Q4 consolidated results, both sales and profits were up YoY, while sales were up but profits were down QoQ.
- ◆ In the full-year consolidated results, both sales and profits were down YoY, but they were both up compared to the forecasts.
- ◆ The FY2024 forecast calls for both sales and profits to be up.

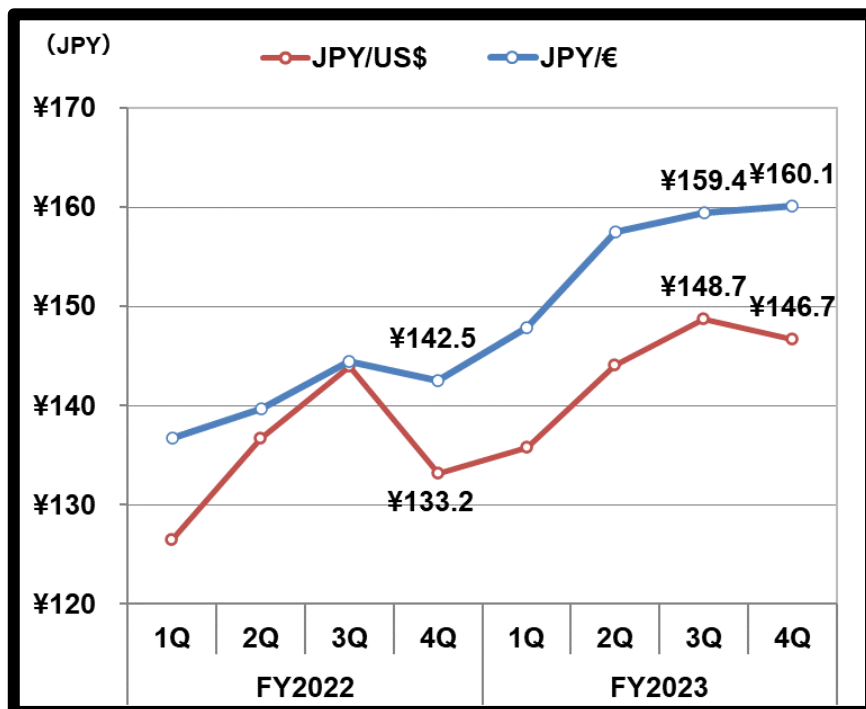
[Elastomer Business Overview]

- ◆ Synthetic rubber demand and shipments were steady overall, and both sales and profits were up YoY.
- ◆ Sales were up QoQ, owing to an increased sales volume, but profits were down due to an increase in indirect department cost allocation at the end of the fiscal year.

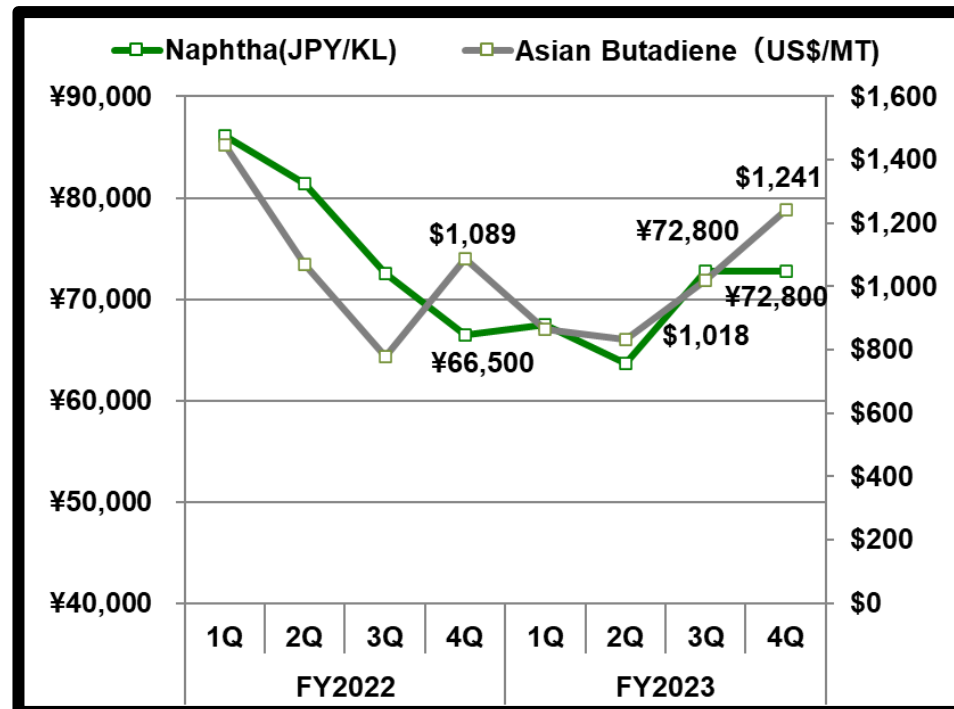
[Specialty Materials Business Overview]

- ◆ Specialty plastics: Sales were down QoQ due to the Noto Peninsula Earthquake, but profits were up owing to a higher sales volume of optical plastics, while both sales and profits were up YoY due in part to a higher sales volume of small-to-medium size films.
- ◆ Specialty chemicals: Battery material sales were up both YoY and QoQ due mainly to period lag at overseas affiliates, while profits were down due to a decreased sales volume and SG&A remaining flat.

[Exchange Rates]



[Raw Materials]



	Q4 FY2022	Q3 FY2023	Q4 FY2023	YoY(%)	QoQ(%)
JPY/US\$	¥133.2	¥148.7	¥146.7	+10%	-1%
JPY/€	¥142.5	¥159.4	¥160.1	+12%	-
Naphtha(JPY/KL)	¥66,500	¥72,800	¥72,800	+9%	-
Asian Butadiene(US\$/MT)	\$1,089	\$1,018	\$1,241	+14%	+22%

*Naphtha: Figures for Q4 FY2022 and Q3 FY2023 are confirmed, while the figure for Q4 FY2023 is our estimate.

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(Unit : JPY100m)

	Q4 FY2022	Q3 FY2023	Q4 FY2023	YoY	QoQ	FY2022	FY2023	YoY (Q1-Q4)
Net Sales	944	984	985	+41	+1	3,886	3,823	-63
Operating Income	-7	65	45	+52	-20	272	205	-67
Ordinary Income	3	69	70	+67	+1	314	269	-45
Net Income	-77	105	102	+179	-4	106	311	+205

- YoY (in 3 mo.) : Net Sales +4.1B JPY, Operating Income +5.2B JPY
- QoQ : Net Sales +0.1B JPY, Operating Income -2.0B JPY
- YoY (in 12 mo.) : Net Sales -6.3B JPY, Operating Income -6.7B JPY

Note: Results at overseas subsidiaries from October to December 2023 are reflected in Q4 consolidated results.

Q4 FY2023 Performance Summary (By Segment)

(Unit : JPY100m)

Net Sales

	Q4 FY2022	Q3 FY2023	Q4 FY2023	YoY	QoQ
Elastomer Business	549	550	556	+7	+7
Specialty Materials Biz.	239	277	283	+44	+6
Others/Eliminations, etc.	157	157	146	-11	-12
Net Sales (consolidated)	944	984	985	+41	+1

Operating Income

	Q4 FY2022	Q3 FY2023	Q4 FY2023	YoY	QoQ
Elastomer Business	-20	25	5	+25	-20
Specialty Materials Biz.	18	36	30	+13	-6
Others/Eliminations, etc.	-4	4	10	+14	+6
Net Sales (consolidated)	-7	65	45	+52	-20

Q4 FY2023 Performance Summary (By Segment)

(Unit : JPY100m)

Net Sales

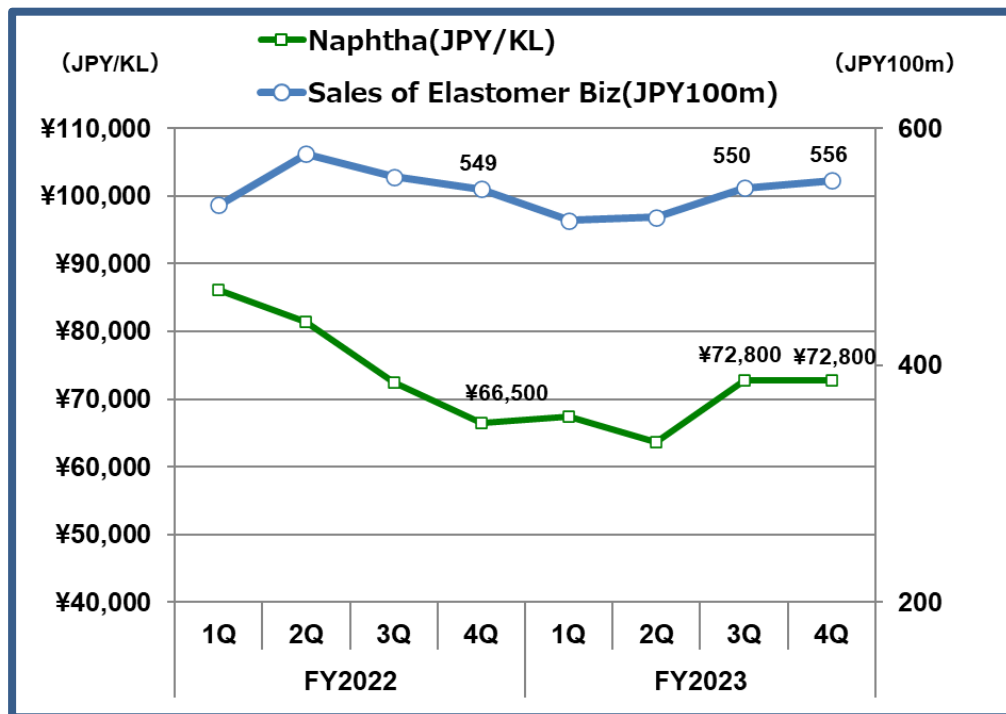
	FY2022	FY2023 FCST (1/31)	FY2023	YoY	YoY (vs FCST)	Progress %
Elastomer Business	2,222	2,120	2,153	-69	+33	+2 %
Specialty Materials Biz.	1,054	1,030	1,074	+20	+44	+4 %
Others/Eliminations, etc.	610	590	596	-14	+6	+1 %
Net Sales (consolidated)	3,886	3,740	3,823	-63	+83	+2 %

Operating Income

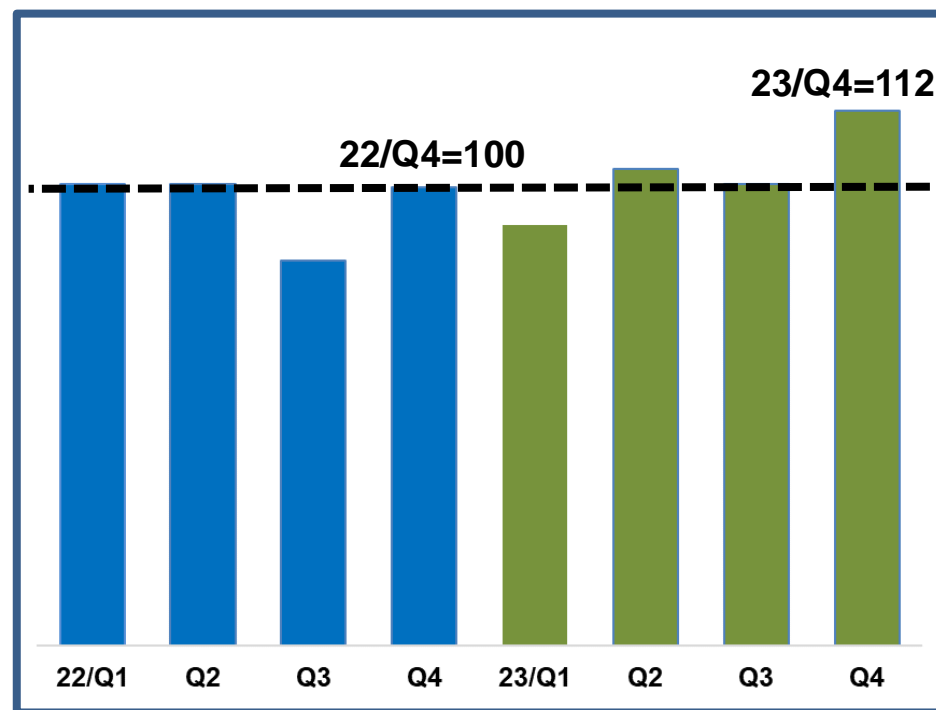
	FY2022	FY2023 FCST (1/31)	FY2023	YoY	YoY (vs FCST)	Progress %
Elastomer Business	102	73	66	-35	-7	-9 %
Specialty Materials Biz.	183	114	132	-51	+18	+16 %
Others/Eliminations, etc.	-13	-2	6	+19	+8	- %
Net Sales (consolidated)	272	185	205	-67	+20	+11 %

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[Naphtha Price vs. Elastomer Sales]



[Synthetic Rubber Sales Volume]



- Net sales in the Elastomer Business were up both YoY and QoQ.
- Overseas synthetic rubber shipments recovered, and mainly shipments for automotive were steady.

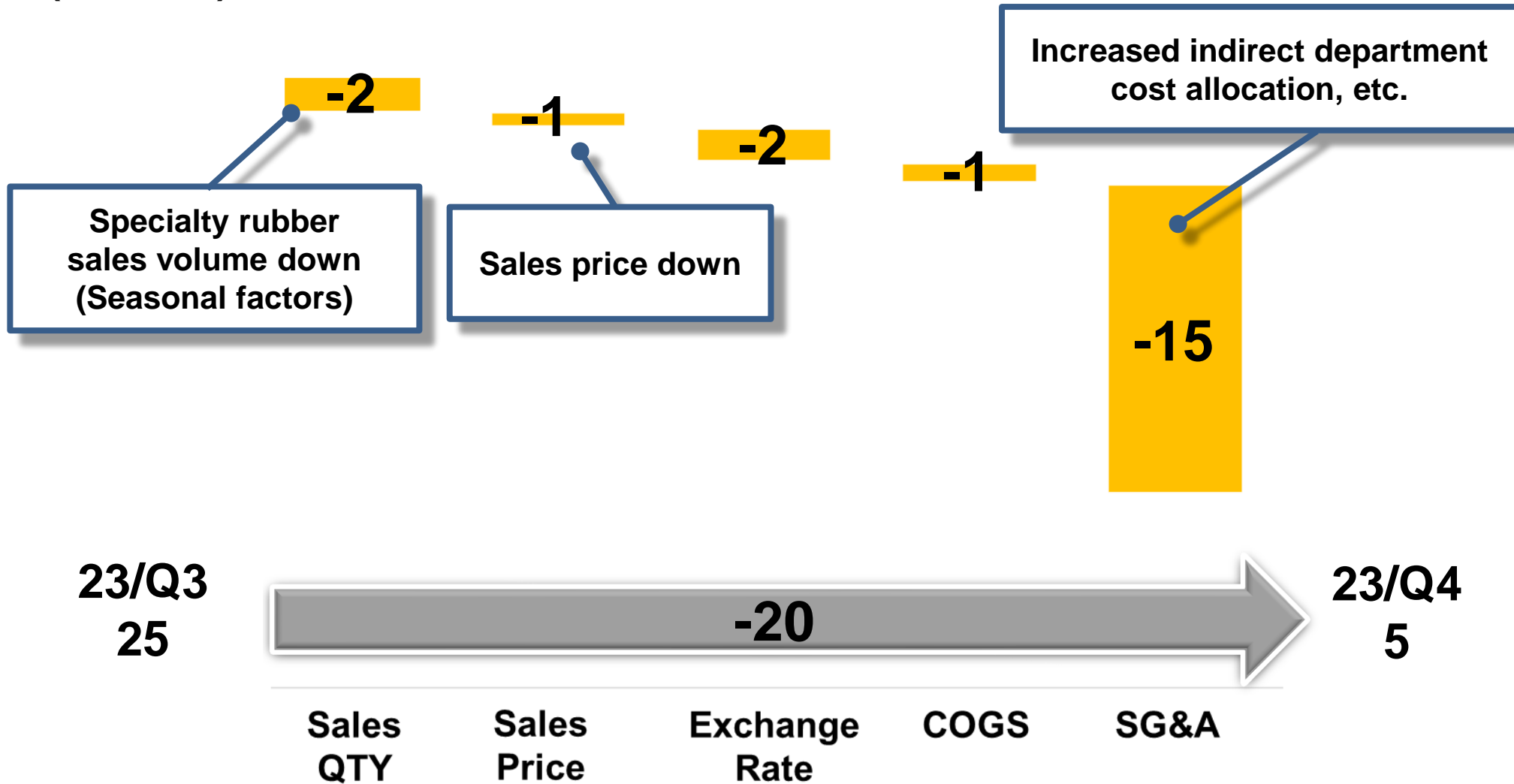
(Unit : 100m)

	Q4 FY2022	Q3 FY2023	Q4 FY2023	YoY	YoY(%)	QoQ	QoQ(%)
Sales Volume (22/Q4=100)	100	101	111	11 pt	11 %	10 pt	10 %
Synthetic rubbers	100	101	112	12 pt	12 %	11 pt	11 %
Latexes	100	97	110	10 pt	10 %	13 pt	13 %
Chemicals	100	106	112	12 pt	12 %	6 pt	5 %
Net Sales	549	550	556	7	1 %	7	1 %
Synthetic rubbers	400	420	412	13	3 %	-7	-2 %
Latexes	29	27	30	1	3 %	3	13 %
Chemicals	107	90	99	-8	-8 %	8	9 %
Others/Eliminations	13	13	15	2	16 %	2	16 %
Operating Income	-20	25	5	25	- %	-20	-81 %
Operating income ratio	-4%	5%	1%				

- Shipments of latex for gloves and chemicals were on a recovery trend, but lack of vigor
- Operating income was up YoY owing to steady performance by synthetic rubbers, but it was down QoQ due to increased indirect department cost allocation at the end of the fiscal year.

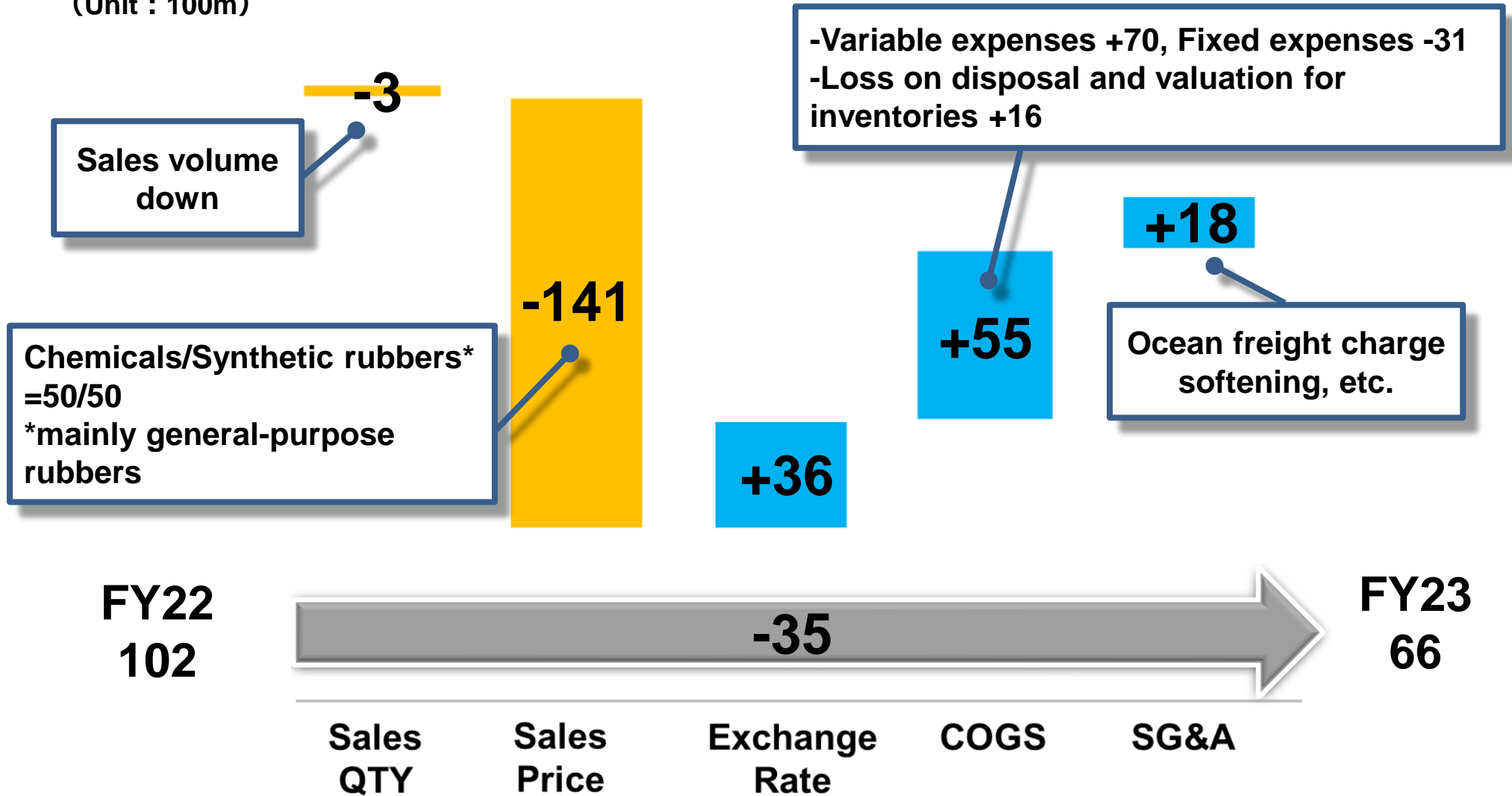
Elastomer Business Operating Income Variance (QoQ)

(Unit : 100m)



Elastomer Business Operating Income Variance (YoY in 12 mo.) ZEON

(Unit : 100m)



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(Unit : 100m)

	Q4 FY2022	Q3 FY2023	Q4 FY2023	YoY	YoY(%)	QoQ	QoQ(%)
Net Sales	239	277	283	44	19 %	6	2 %
* Specialty plastics	135	165	158	24	18 %	-6	-4 %
Specialty chemicals	95	102	114	19	20 %	13	12 %
Medical devices, etc.	9	10	10	1	16 %	-0	-2 %
Operating Income	18	36	30	13	74 %	-6	-15 %
Operating Income ratio	7%	13%	11%				

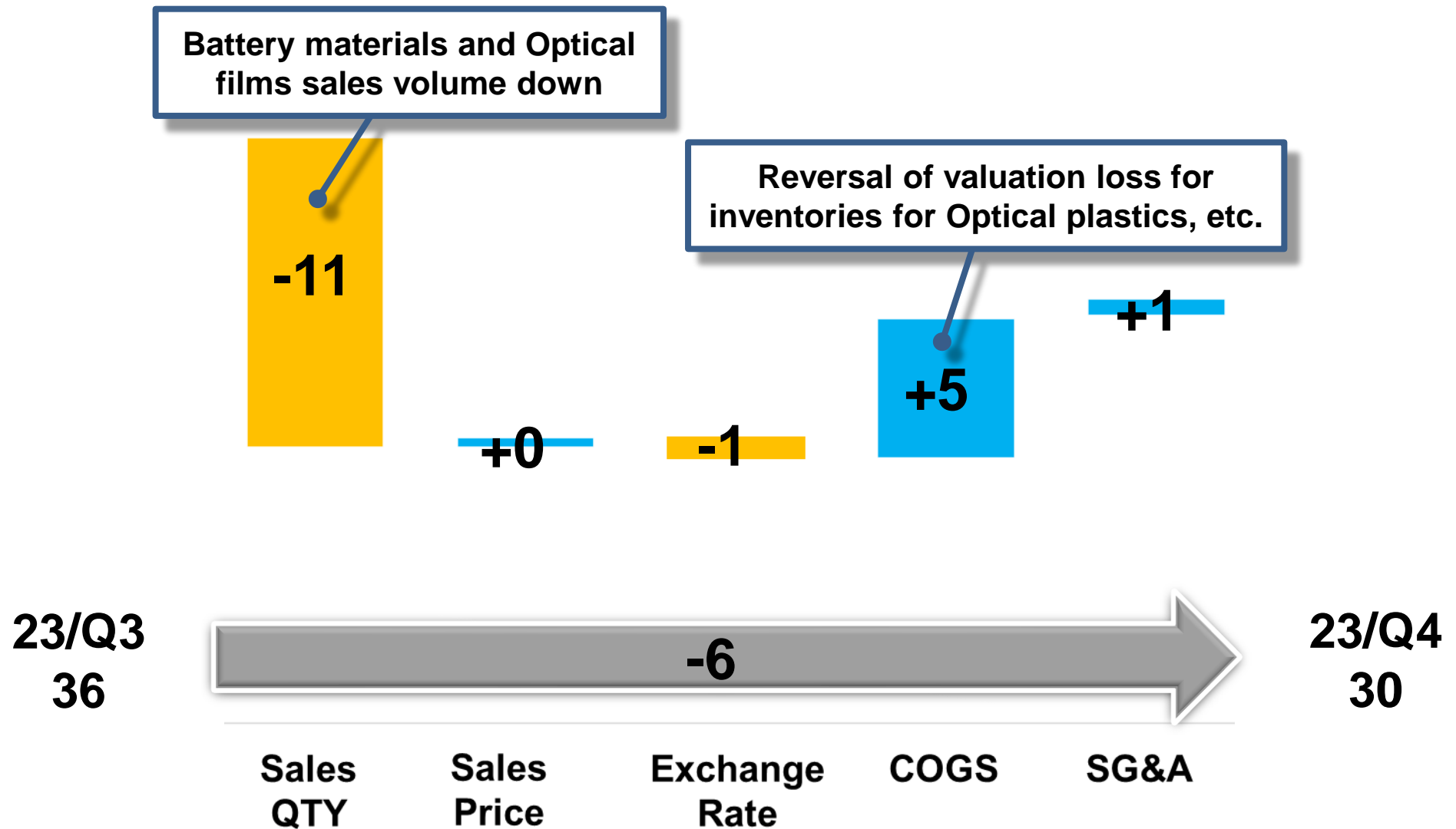
* Specialty plastics : Optical plastics and optical films

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

- **Specialty plastics:** Sales were down QoQ due to the earthquake, but profits were up due to an increased sales volume of optical plastics. Both sales and profits were up YoY owing in part to an increased sales volume of small-to-medium size films.
- **Specialty chemicals:** Battery material sales were up both YoY and QoQ due mainly to period lag at overseas affiliates, while profits were down both YoY and QoQ due to a decreased sales volume and SG&A remaining flat.

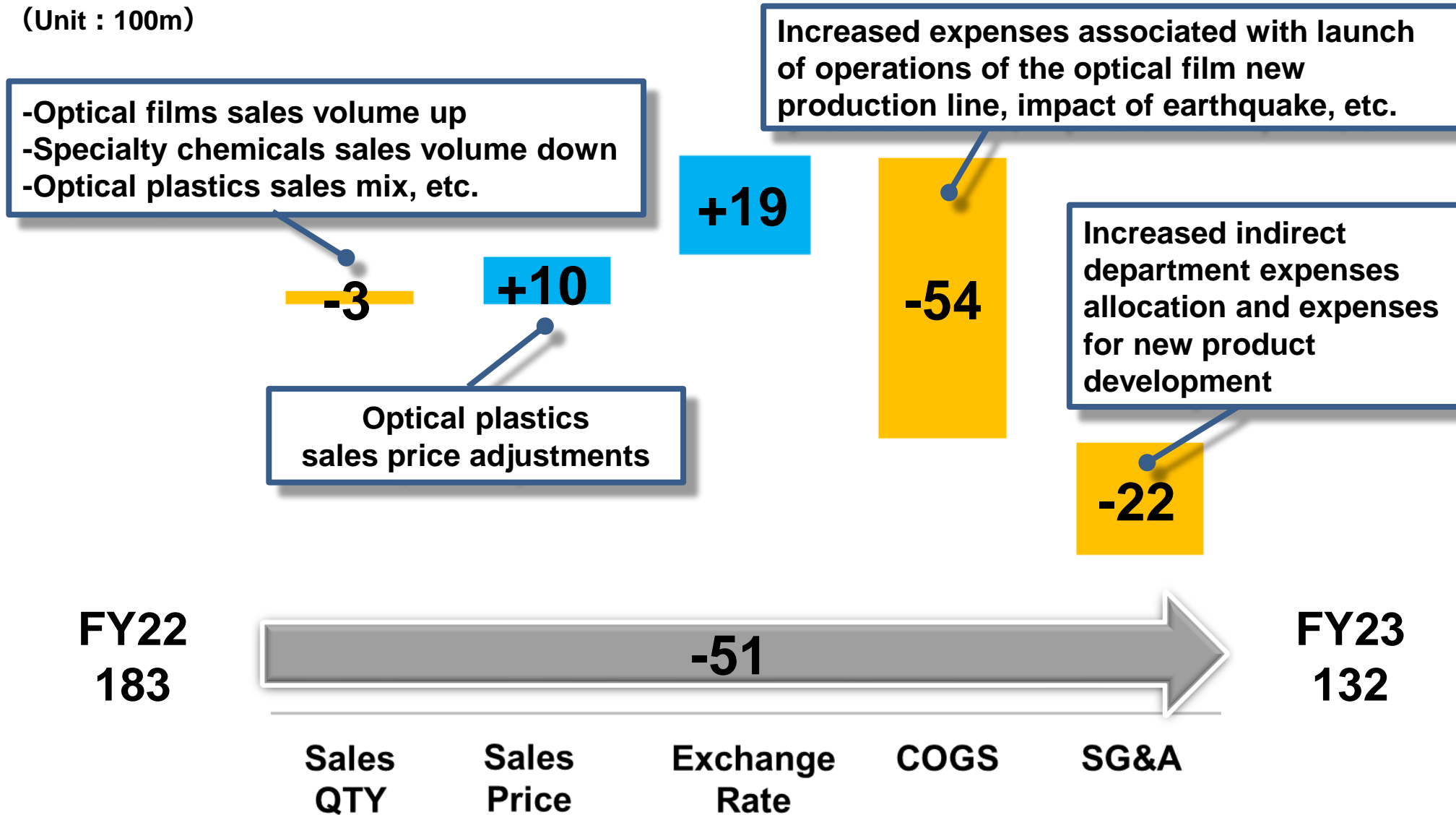
Specialty Materials Operating Income Variance (QoQ)

(Unit : 100m)



Specialty Materials Operating Income Variance (YoY in 12 mo.)

(Unit : 100m)



	YoY	QoQ	YoY Cumulative total
EV	106%	60%	104%
Consumer use, etc.	229%	133%	111%
Total	119%	68%	106%

■ EV

Sales volume down QoQ due to sluggish EV sales globally and ahead-of-schedule shipments for Chinese New Year

■ Consumer use, etc.

Sales volume up both YoY and QoQ with moderate recovery for mobile device applications and increased sales for ESS applications

	YoY	QoQ	YoY Cumulative total
Optical use	118%	103%	97%
Medical use, etc.	110%	118%	106%
Total	112%	115%	104%

■ Optical use

Sales volume up both YoY and QoQ with recovery in smartphone and printer applications

■ Medical use, etc.

Sales volume up both YoY and QoQ with increase in demand from customers and recovery of semiconductor market

	YoY	QoQ	YoY Cumulative total
For small-to-medium size	134%	82%	91%
For Large size FPD	85%	71%	135%
Total	92%	73%	124%

■ For small-to-medium size

Despite increased sales volume YoY owing to steady demand for smartphones and tablets, 4Q sales volume down QoQ due to in-between season for smartphones

■ For Large size

Sales volume down both YoY and QoQ due to temporary suspension of operations caused by Noto Peninsula Earthquake, but recovery complete as of March 29

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(Unit : 100m)

Total assets 5,323 (+94)

()=vs end of FY2022

[Current assets] +4.4B JPY
 ◆ Cash and deposits +12.7B JPY
 ◆ Accounts receivable -0.2B JPY
 ◆ Inventory assets -4.1B JPY

Current
assets
3,010
(+44)

Fixed
assets
2,313
(+50)

[Non-current assets] +5.0B JPY
 ◆ Property, plant and equipment +16.7B JPY
 ◆ Investment securities -14.8B JPY

Current
liabilities
1,436
(-170)

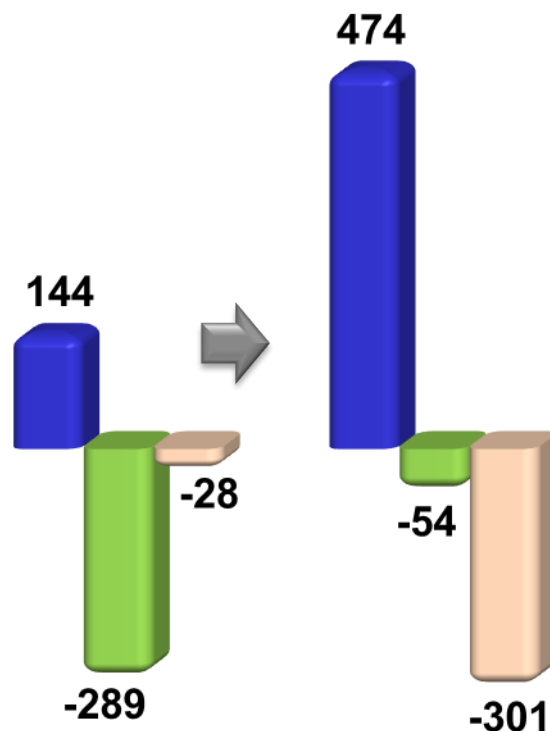
Long-term liabilities 250 (+20)

Total
net
assets
3,637
(+244)

[Current liabilities] -17.0B JPY
 ◆ Commercial paper -19.0B JPY
 ◆ Other payables and accrued expenses, etc. +2.0B JPY

[Net assets] +24.4B JPY
 ◆ Equity ratio 68.1% (+3.8)
 ◆ D/E ratio 0.02 (-0.06)

(Unit : 100m)

Q4
FY2022Q4
FY2023

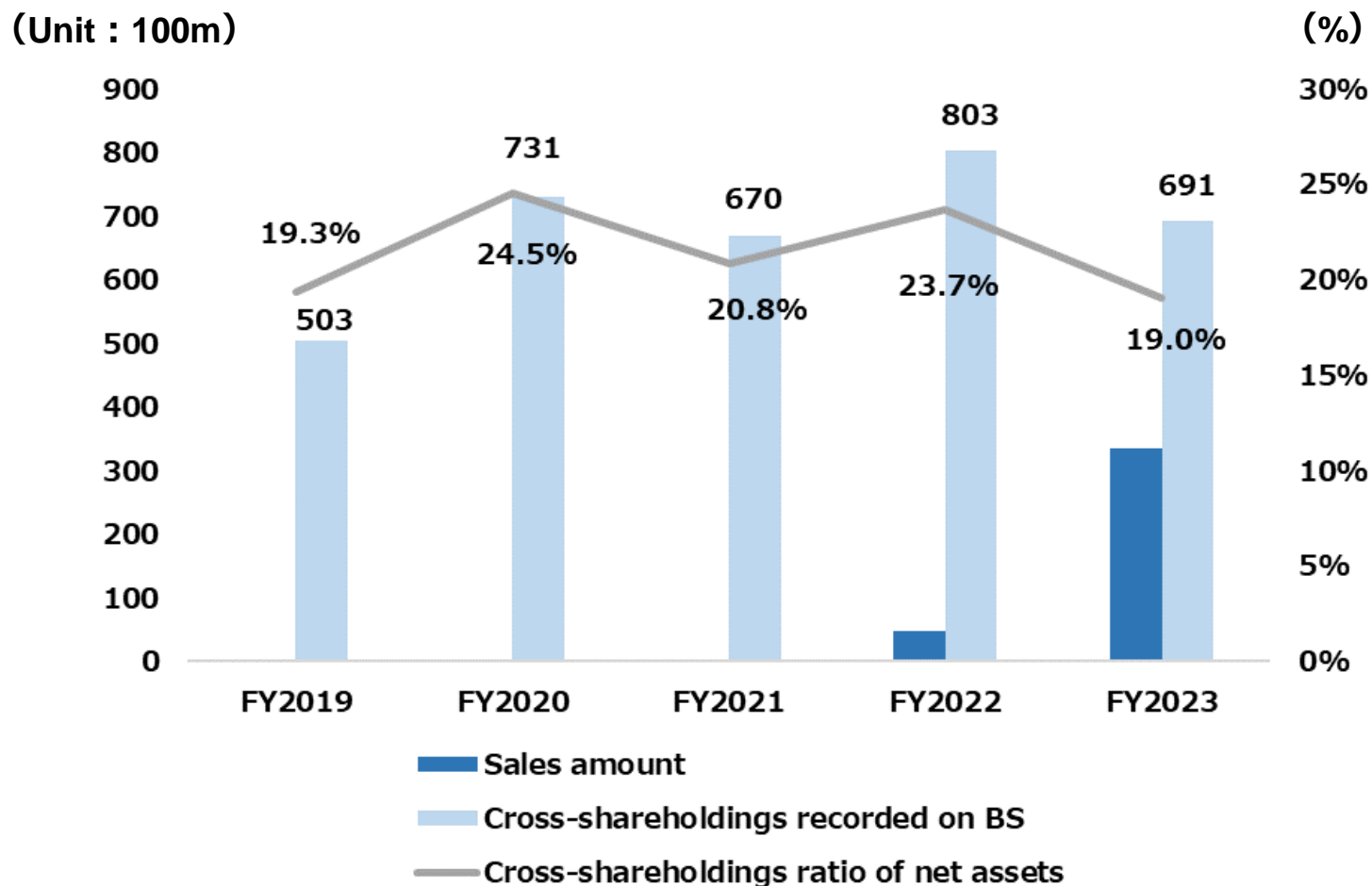
- CF from Operating Act.
- CF from Investing Act.
- CF from Financing Act.

(Unit : 100m)

	Q4 FY2022	Q4 FY2023
CF from Operating Act.	144	474
CF from Investing Act.	-289	-54
Free CF	-145	420
CF from Financing Act.	-28	-301
CF	-174	119

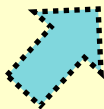
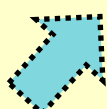
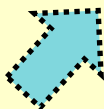
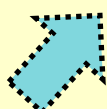
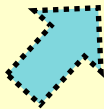
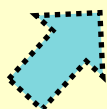
[CF from Operating Act.]	+33.0B JPY
◆ Income before income taxes	+29.3B JPY
◆ Valuation loss	-14.0B JPY
◆ Profits on sales of investment securities	-22.4B JPY
◆ Working capital	+36.5B JPY
◆ Taxes	+4.5B JPY
◆ Others	-0.9B JPY

[CF from Financing Act.]	-27.3B JPY
◆ Borrowing/CP	-28.0B JPY
◆ Dividends	-2.9B JPY
◆ Share buyback and cancellation	+4.0B JPY

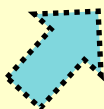
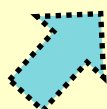
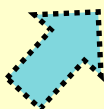
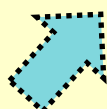
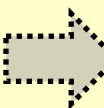
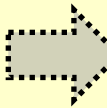


- Cross-shareholdings ratio of net assets at the end of FY2023 was 19.0%.
- Continue to promote reductions to improve capital efficiency.

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		FY2024			
Elastomer Business (Unit : 100m)		Sales FCST	OP. Income FCST	Business environment	
		2,215	100	Net sales +62 OP. income +34 vs. FY2023	
Synthetic rubbers				Demand is expected to be steady, while there will be regional differences in the automotive market. Expected both sales and profits up YoY.	
Latexes				Market for gloves is expected to recover moderately.	
Chemicals				Adhesive market is expected to recover moderately, while there will be regional differences.	

*Business environment FY2024 are compared to FY2023

		FY2024		
Specialty Materials Business (Unit : 100m)		Sales FCST	OP. Income FCST	Business environment
		1,155	155	Net sales +81 OP. income +23 vs. FY2023
	Optical plastics			Demand is expected to be steady for both optical use and medical use, etc.
	Optical films			Shipments is expected to recover owing to complete recovery of large-sized film lines. Tablets and laptops are expected to recover, while smartphones are expected to be sluggish.
	Battery materials			Expected to be affected by sluggish in global EV sales.

*Business environment FY2024 are compared to FY2023

(Unit : 100m)

Net Sales	FY2023 Act.	FY2024 H1 FCST	FY2024 H2 FCST	FY2024 FCST	Diff.
Elastomer Business	2,153	1,115	1,100	2,215	+62
Specialty Materials Biz.	1,074	570	585	1,155	+81
Others/Eliminations, etc.	596	295	305	600	+4
Net Sales (consolidated)	3,823	1,980	1,990	3,970	+147

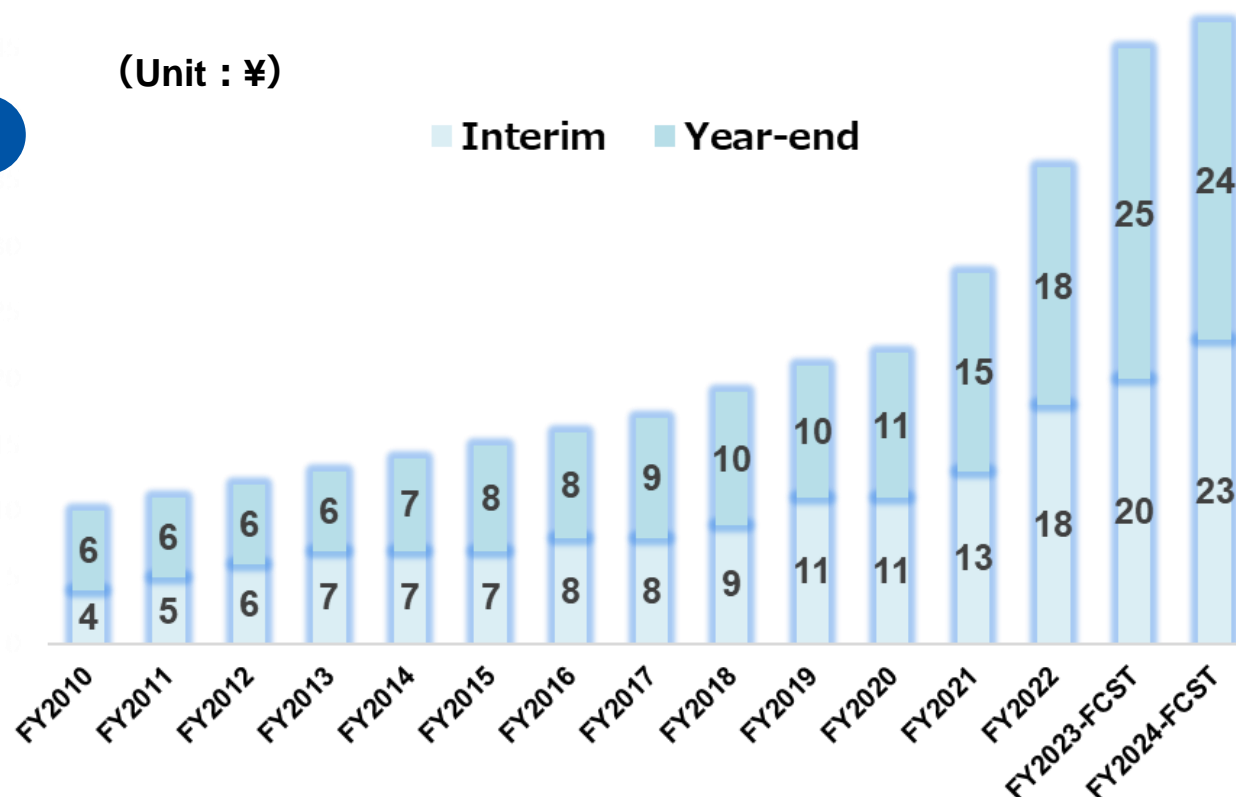
Operating Income	FY2023 Act.	FY2024 H1 FCST	FY2024 H2 FCST	FY2024 FCST	Diff.
Elastomer Business	66	50	50	100	+34
Specialty Materials Biz.	132	55	100	155	+23
Others/Eliminations, etc.	6	5	5	10	+4
Net Sales (consolidated)	205	110	155	265	+60

■ FY2024 forecast is net sales 397.0B JPY and operating income 26.5B JPY

・US\$=¥145, €=¥155, Naphtha=¥68,000, Asian butadiene=US\$900

Shareholder Return Policy

- Maintain stable and continuous dividends
- Maintain a dividend payout ratio of 30% or more
- Implement share buybacks flexibly, taking into account market conditions, demand for funds, etc.



- Dividend forecast in FY2023: Year-end up from ¥20/share to ¥25/share(up +¥5)
⇒ total ¥45/share/year (+¥9 YoY / Dividend payout ratio 30.6%).
- Dividend forecast in FY2024: Total ¥47/share/year (+¥2 YoY), 15 consecutive years of increases of total dividend since FY2010

1. Purpose of treasury stock repurchase and cancellation
To enhance shareholder return and to improve capital efficiency.
2. Details of repurchase
 - (1) Class of share: Common stock of Zeon Corporation
 - (2) Total number of shares of common stock to be repurchased: Up to 10,000,000 shares
(4.73% of the total number of shares of common stock outstanding excluding treasury stock)
 - (3) Total amount: Up to 10,000,000,000 yen
 - (4) Period: From May 7, 2024 to March 21, 2025
 - (5) Repurchase method: Market purchase using trust method
3. Details of cancellation
 - (1) Class of share: Common stock of Zeon Corporation
 - (2) Total number of shares of common stock to be cancelled: Total number of treasury stock repurchased pursuant to 2 above
 - (3) Scheduled date of cancellation: April 4, 2025

■ **Decided to repurchase treasury stock up to 10 million shares/10 billion yen and cancel all repurchased treasury stock.**

Next Announcement






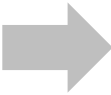



Medium-Term Business Plan	June 11th, 2024
Financial Results Q1FY2024	July 29th, 2024
















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.

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ZEON Integrated report

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In all cases, the original Japanese version shall take precedence.

Q4 FY2023 (vs. Q3 FY2023)				
Business	Ship ments	Sales	OP. income	Difference
Synthetic rubbers				<ul style="list-style-type: none"> • Overseas synthetic rubber shipments up • Sales down due to specialty rubber shipments down (seasonal factors in year-end inventory adjustment) • OP. income down due to increased indirect department cost allocation at the year-end, etc.
Latexes				<ul style="list-style-type: none"> • Latex for glove shipments up • OP. income flat due to increased indirect department cost allocation at the year-end, etc.
Chemicals				<ul style="list-style-type: none"> • Shipments and sales up owing to recover of adhesive market • OP. income down due to increased indirect department cost allocation at the year-end, etc.

	Q4 FY2023 (vs. Q3 FY2023)					
Business	Ship ments	Consolidated		Non- consolidated		Difference
		Sales	OP. income	Sales	OP. income	
Optical plastics						• Sales and OP. income up owing to shipments up
Optical films						• Sales and OP. income down due to the Noto Peninsula Earthquake
Battery materials						• Sales up owing to period lag at overseas affiliates, while shipments down

Positives

**Early recovery in
end market demand**

Depreciation of the yen

**Early recovery in market
conditions**

**Yen depreciation/dollar
appreciation**

Economic recovery

**Yen depreciation/euro
appreciation**

Negatives

**Delay recovery in
end market demand**

Appreciation of the yen

**Prolong recovery in market
conditions**

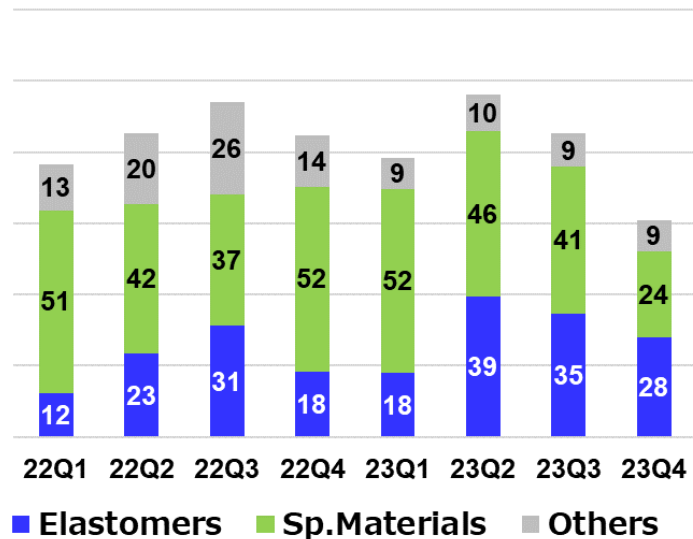
**Yen appreciation/dollar
depreciation**

Economic recession

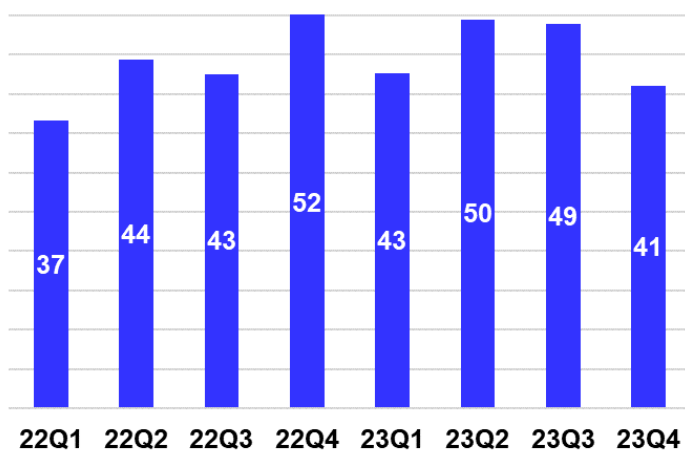
**Yen appreciation/euro
depreciation**

(Unit : JPY100m)

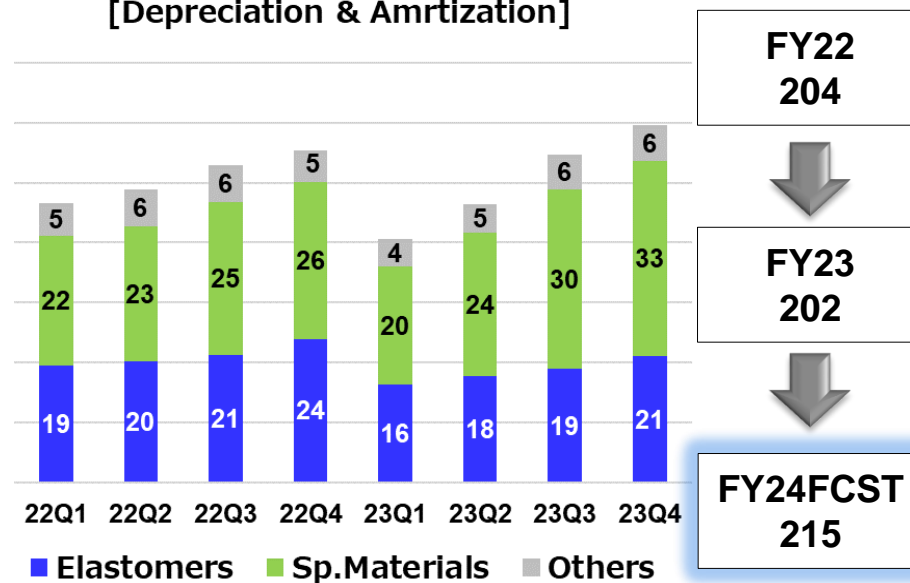
[Capital Expenditures]



[R&D Expenses]



[Depreciation & Amrtization]



FY22
340

FY23
322

FY24 FCST
390

FY22
176

FY23
182

FY24 FCST
188

FY22
204

FY23
202

FY24FCST
215