

Financial Results

The 3rd of FY2024 (Apr.1 - Dec.31)



Answers beyond Challenges.

ZEON

January 31, 2025
ZEON CORPORATION

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***As of FY2024, Optical Plastics
are referred to as
Cyclo Olefin Polymers (COP).**

Consolidated Performance for Q3 FY2024

Net Sales
¥102.1 billion
 QoQ-5%

Operating Income
¥7.4 billion
 QoQ-5%

Ordinary Income
¥8.8 billion
 QoQ+38%

Net Income
¥7.8 billion
 QoQ+91%

▶ Main factors behind the increase/decrease

Net sales: Sales volumes of COP and optical films decreased alongside shipment adjustments due to regular maintenance at major domestic synthetic rubber plants, etc.

Operating income: Sales volumes of COP and optical films decreased, while synthetic rubbers operating income remained flat owing to price adjustments reflecting soaring raw material prices.

Ordinary income: Dividend income and foreign exchange gains owing to yen depreciation

Net income: Gain on sales of investment securities

Consolidated Performance for Q1-Q3 FY2024

Net Sales
¥315.4 billion
 YoY+11%

Operating Income
¥24.2 billion
 YoY+51%

Ordinary Income
¥27.4 billion
 YoY+37%

Net Income
¥20.1 billion
 YoY-4%

▶ Main factors behind the increase/decrease

Net sales: Sales volumes increased for both COP and optical films and adjustments to sales prices in response to soaring raw material prices, particularly in synthetic rubbers.

Operating income: Same as above, plus improved yield in optical films.

Ordinary income: Same as above, while foreign exchange gains decreased.

Net income: A large-scale sale of investment securities was carried out in the previous fiscal year.

Consolidated Performance Forecast for FY2024

Net Sales
¥417.0billion
+0.5%

Operating Income
¥26.5billion
+13%

Ordinary Income
¥30.0billion
+22%

Net Income
¥23.5billion
+24%

▶ Main factors behind the increase/decrease

Net sales: Taking into account the increase of shipments of optical films and yen depreciation, etc.
(H2 assumptions: US\$=¥145 ⇒ Q3 US\$=¥149.1, Q4 US\$=¥150).

Operating income: Same as above.

Ordinary income: Same as above, plus foreign exchange gains owing to revision of H2 assumptions to yen depreciation

Net income: Same as above.

Shareholder Return Forecast for FY2024

DOE
At least **4%**

Share buyback
¥20.0billion

▶ Dividends policy: DOE of at least 4%

▶ The annual dividend forecast for FY2024 will be maintained at 70 JPY.

▶ Share buyback carried out, with an upper limit of 20 million shares/20 billion yen

[1] Specialty plastics (COP / Optical films)

- One line at the Mizushima Plant that had an issue resumed normal production in December 2024 after suspension since October 2024.
- For a speedy recovery, repurposed of certain components for recycling plant in Takaoka Prefecture. The start of operations of recycling plant is expected in September 2025, because experimental productions before mass production were rescheduled for regular maintenance planned at Takaoka Plant in FY2025.

Impact on financial results

**Forecast
as of Oct. 28**

Operating Income
Approx. **¥-1.9**billion

**Q3 Result
in FY2024**

Operating Income
Approx. **¥-1.2**billion

**Q4 FCST
in FY2024**

Operating Income
Approx. **¥-4**billion

**FCST
in FY2025**

Operating Income
Approx. **¥-3**billion

[2] Battery Materials

- Zeon has decided to freeze its investment plan for subsidiary Zeon Chemicals L.P. (KY USA) for approximately two years. The plan was to invest in the construction of a new production line for Li-ion battery binders.
- The decision was made in response to changing business conditions and market trends, as part of Zeon's strategy for achieving sustainable growth. On the other hand, there is no change to focus battery materials as indicated that strengthen them through the strategy of “polishing up” existing businesses in our Medium-Term Business Plan. We will continue to closely monitor market trends to determine the optimal investments.

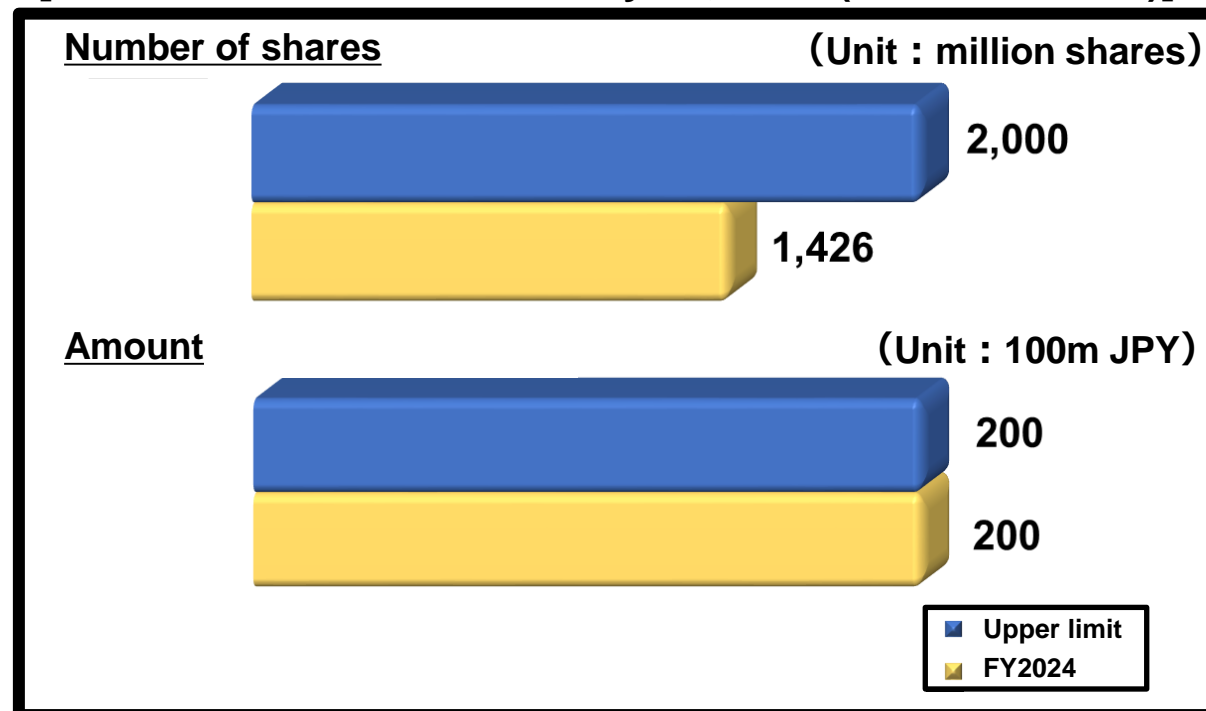
[3] Initiatives to improve of return on capital exceeds cost of capital

- Zeon expanded disclosure and released enhancement of shareholder return at the same time as announcing Q2 financial results. However, PBR didn't improve to above 1x, while the stock price rose.
- Zeon strongly recognize that shareholders have high hopes for improvement of EVA spread through dialogue with them. We are currently ongoing review, with announcement at the Midium-term business plan phase 3 scheduled in July 2025.

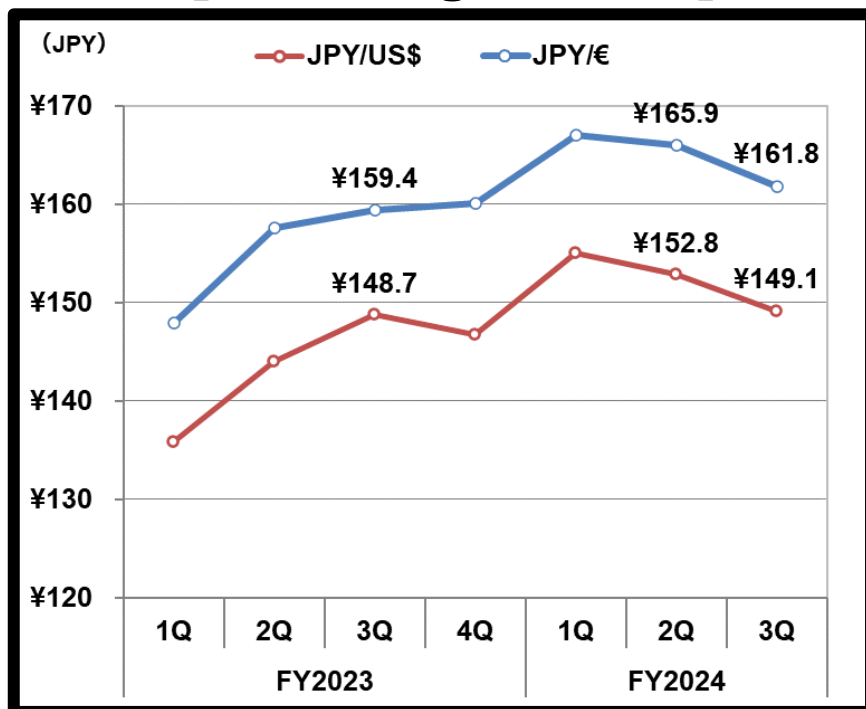
[4] Share buyback and cancellation

- Share buyback carried out, with an upper limit of 20 million shares/20 billion yen. It was ended with the deal contracted on January 20, 2025.
- Purchased 10.08 million shares (14.4B JPY) of treasury stock through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) to mitigate short-term supply and demand impact on the Company's stock and reduce impact on existing shareholders.
- All shares will be cancelled after the purchase is complete.

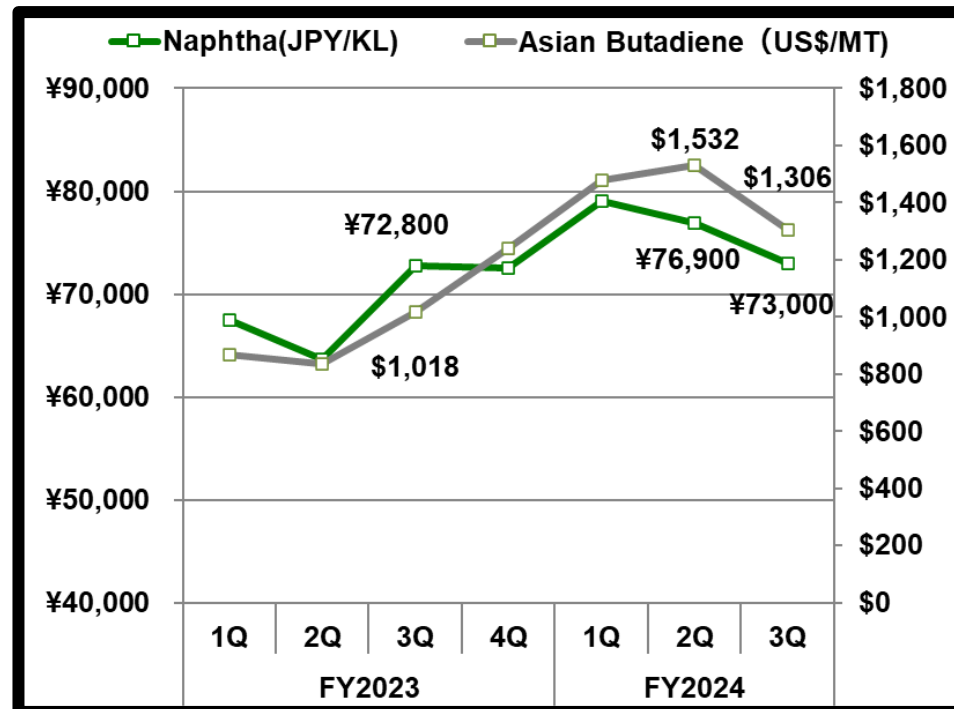
[Purchased status on January 20, 2025 (Contract basis)]



[Exchange Rates]



[Raw Materials]



| | Q3 FY2023 | Q2 FY2024 | Q3 FY2024 | YoY(%) | QoQ(%) |
|--------------------------|--------------|--------------|--------------|--------|--------|
| JPY/US\$ | ¥148.7 | ¥152.8 | ¥149.1 | - | -2% |
| JPY/€ | ¥159.4 | ¥165.9 | ¥161.8 | +2% | -2% |
| Naphtha(JPY/KL) | ¥72,800 | ¥76,900 | ¥73,000 | - | -5% |
| Asian Butadiene(US\$/MT) | \$1,018 | \$1,532 | \$1,306 | +28% | -15% |

*Naphtha: Figures for Q3 FY2023 and Q2 FY2024 are confirmed, while the figure for Q3 FY2024 is our estimate.

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Q3 FY2024 Performance Summary (Overall)

(Unit : JPY100m)

| | Q3 FY2023 | Q2 FY2024 | Q3 FY2024 | YoY | QoQ | Q1-Q3 FY2023 | Q1-Q3 FY2024 | YoY (Q1-Q3) |
|------------------|--------------|--------------|--------------|-----|-----|-----------------|-----------------|----------------|
| Net Sales | 984 | 1,072 | 1,021 | +37 | -52 | 2,838 | 3,154 | +316 |
| Operating Income | 65 | 78 | 74 | +8 | -4 | 160 | 242 | +82 |
| Ordinary Income | 69 | 64 | 88 | +19 | +24 | 199 | 274 | +75 |
| Net Income | 105 | 41 | 78 | -27 | +37 | 209 | 201 | -8 |

- YoY (in 3 mo.) : Net Sales +3.7B JPY, Operating Income +0.8B JPY
- QoQ : Net Sales -5.2B JPY, Operating Income -0.4B JPY
- YoY (in 9 mo.) : Net Sales +31.6B JPY, Operating Income +8.2B JPY

Note: Results at overseas subsidiaries from July to September 2024 are reflected in Q3 consolidated results.

Q3 FY2024 Performance Summary (By Segment)

(Unit : JPY100m)

Net Sales

| | Q3 FY2023 | Q2 FY2024 | Q3 FY2024 | YoY | QoQ | Q1-Q3 FY2023 | Q1-Q3 FY2024 | YoY (Q1-Q3) |
|---------------------------|--------------|--------------|--------------|-----|-----|-----------------|-----------------|----------------|
| Specialty Materials Biz. | 277 | 312 | 286 | +9 | -27 | 791 | 901 | +111 |
| Elastomer Business | 550 | 604 | 578 | +29 | -26 | 1,597 | 1,785 | +188 |
| Others/Eliminations, etc. | 157 | 156 | 157 | - | +1 | 451 | 469 | +18 |
| Net Sales (consolidated) | 984 | 1,072 | 1,021 | +37 | -52 | 2,838 | 3,154 | +316 |

Operating Income

| | Q3 FY2023 | Q2 FY2024 | Q3 FY2024 | YoY | QoQ | Q1-Q3 FY2023 | Q1-Q3 FY2024 | YoY (Q1-Q3) |
|---------------------------------|--------------|--------------|--------------|-----|-----|-----------------|-----------------|----------------|
| Specialty Materials Biz. | 36 | 55 | 37 | +1 | -18 | 102 | 145 | +43 |
| Elastomer Business | 25 | 22 | 29 | +4 | +7 | 62 | 90 | +28 |
| Others/Eliminations, etc. | 4 | -0 | 7 | +3 | +7 | -4 | 7 | +11 |
| Operating Income (consolidated) | 65 | 78 | 74 | +8 | -4 | 160 | 242 | +82 |

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(Unit : 100m)

| | Q3 FY2023 | Q2 FY2024 | Q3 FY2024 | YoY | YoY(%) | QoQ | QoQ(%) |
|------------------------------|--------------|--------------|--------------|------------|--------------|------------|--------------|
| Net Sales | 277 | 312 | 286 | 9 | 3 % | -27 | -9 % |
| * Specialty plastics | 165 | 207 | 187 | 23 | 14 % | -19 | -9 % |
| Specialty chemicals | 102 | 96 | 89 | -13 | -13 % | -8 | -8 % |
| Medical devices, etc. | 10 | 10 | 10 | -1 | -8 % | -0 | -1 % |
| Operating Income | 36 | 55 | 37 | 1 | 2 % | -18 | -33 % |
| Operating Income ratio | 13% | 18% | 13% | | | | |

* Specialty plastics : COP and optical films

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

- **Specialty plastics:** Sales and operating income up both YoY and QoQ owing to steady demand for optical use and large size films, while sales and operating income down due to a decrease in sales volume for medical and other uses as well as small-to-medium size films. Q3 operating income down due to FME and facility restoration costs incurred during production downtime of production line at Mizushima Plant caused by malfunction (Mizushima Plant operations have been restored)
- **Specialty chemicals:** Sales down both YoY and QoQ due to supply-demand easing of synthetic aromatic chemicals and shipment adjustments for toners associated with regular maintenance at Tokuyama Plant.
Operating income up QoQ due to steady shipments of specialty solvents, and battery materials

Specialty Materials Business Operating Income Variance (QoQ) ZEON

(Unit : 100m)

- : COP for medical use / Optical films for small-to-medium size sales volume down
+ : Battery materials sales volume up

+ : Lull of ocean freight charges and new product development costs, etc.

- : Increased costs due to malfunction on one production line at Mizushima Plant for Optical films / COP

-20

+2

-1

-5

+6

24/Q2
55

-18

24/Q3
37

Sales
QTY

Sales
Price

Exchange
Rate

COGS

SG&A

Specialty Materials Business Operating Income Variance (YoY)

ZEON

(Unit : 100m)

**+ : COP for optical use and for semiconductor use /
Optical films sales volume up**

**- : Synthetic aromatic chemicals /
Battery materials sales price
adjustments reflecting market price**

**- : Soaring ocean freight
charges, new product
development costs, etc.**

+19

-10

+11

+30

-8

**+ : Yield improved owing to improved
operation of optical film production
line**
**- : COP / Optical films increased costs
due to malfunction of one of
production lines at Mizushima Plant**

**23/Q1-Q3
102**

+43

**24/Q1-Q3
145**

**Sales
QTY**

**Sales
Price**

**Exchange
Rate**

COGS

SG&A

| | YoY | QoQ | YoY Cumulative total |
|--------------------|------|------|-------------------------|
| EV | 63% | 122% | 68% |
| Consumer use, etc. | 223% | 100% | 183% |
| Total | 80% | 115% | 85% |

■ EV

Sales volume down YoY due to sluggish EV sales in Europe, while sales volume up QoQ, driven by China's subsidy policy

■ Consumer use, etc.

Sales volume up YoY and maintained QoQ due to continued steady demand in mobile devices and ESS applications

| | YoY | QoQ | YoY Cumulative total |
|-------------------|------|------|-------------------------|
| Optical use | 141% | 102% | 144% |
| Medical use, etc. | 47% | 45% | 89% |
| Total | 67% | 60% | 102% |

■ Optical use

Sales volume up both YoY and QoQ with continued steady demand in smartphone and lens unit applications

■ Medical use, etc.

Sales volume up 257% YoY for semiconductor containers but down YoY and QoQ for other applications due to inventory adjustments by some customers. This was in line with forecasts, with recovery expected in Q4.

Specialty Plastics Business: Optical Films Situation (Non-consolidated Sales Volume)

| | YoY | QoQ | YoY Cumulative total |
|--------------------------|------|------|-------------------------|
| For small-to-medium size | 98% | 86% | 114% |
| For Large size FPD | 115% | 101% | 120% |
| Total | 112% | 99% | 119% |

■ For small-to-medium size

Sales volume down both YoY and QoQ due to in-between season for smartphones despite steady performance by tablets

■ For Large size

Sales volume up YoY due to increased production capacity from new line that began operation in September 2023. Sales volume steady QoQ as demand for large size TVs remained steady, driven by China's subsidy policy.

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(Unit : 100m)

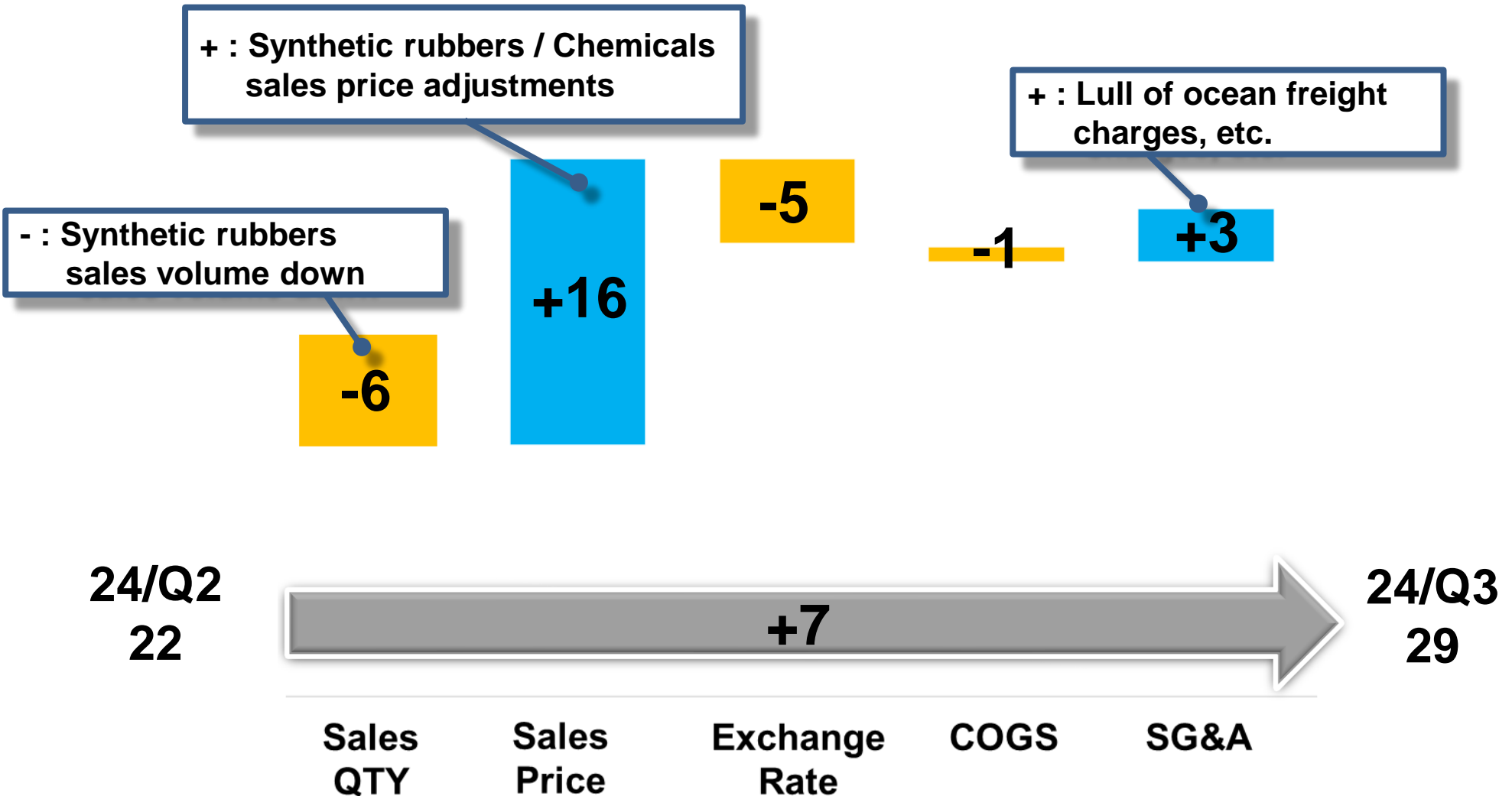
| | Q3 FY2023 | Q2 FY2024 | Q3 FY2024 | YoY | YoY(%) | QoQ | QoQ(%) |
|---------------------------------|--------------|--------------|--------------|--------|--------|--------|--------|
| Sales Volume (23/Q3=100) | 100 | 106 | 95 | -5 pt | -5 % | -11 pt | -10 % |
| Synthetic rubbers | 100 | 95 | 88 | -12 pt | -12 % | -8 pt | -8 % |
| Latexes | 100 | 151 | 121 | 21 pt | 21 % | -30 pt | -20 % |
| Chemicals | 100 | 114 | 104 | 4 pt | 4 % | -10 pt | -9 % |
| Net Sales | 550 | 604 | 578 | 29 | 5 % | -26 | -4 % |
| Synthetic rubbers | 420 | 451 | 436 | 16 | 4 % | -15 | -3 % |
| Latexes | 27 | 41 | 35 | 8 | 30 % | -6 | -16 % |
| Chemicals | 90 | 99 | 96 | 6 | 7 % | -3 | -3 % |
| Others/Eliminations | 13 | 12 | 11 | -2 | -16 % | -1 | -11 % |
| Operating Income | 25 | 22 | 29 | 4 | 17 % | 7 | 31 % |
| Operating income ratio | 5% | 4% | 5% | | | | |

- Sales and operating income up YoY and operating income up QoQ owing to price adjustments reflecting soaring raw material prices
- Sales down QoQ due to shipment adjustments at Tokuyama and Takaoka plants for regular maintenance, primarily in synthetic rubbers and latexes

Note: Q3 consolidated performance was slightly down due to absorption merger into Zeon on October 1, 2024, after dissolution of ZS Elastomer Co., Ltd. joint venture at end of September 2024

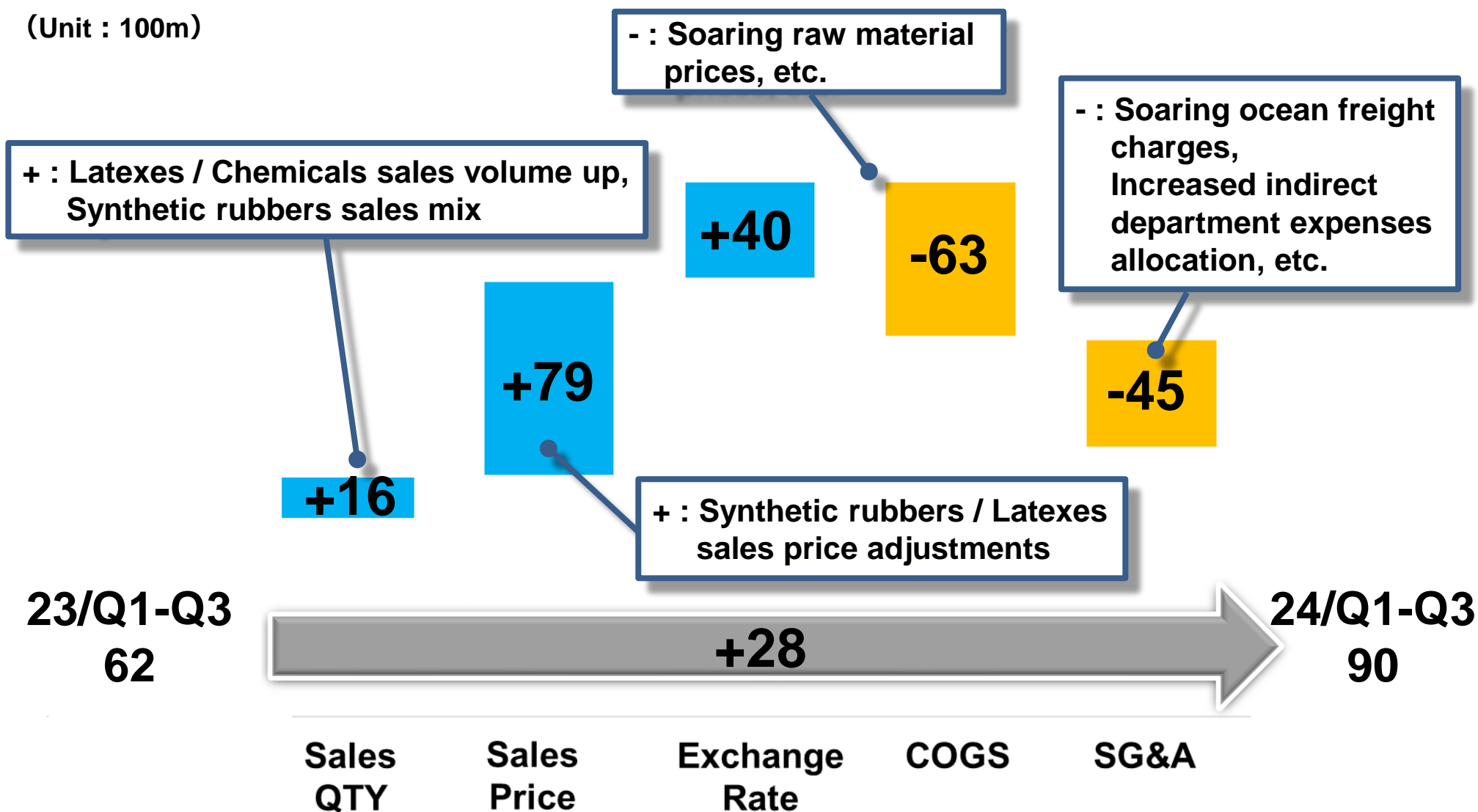
Elastomer Business Operating Income Variance (QoQ)

(Unit : 100m)



Elastomer Business Operating Income Variance (YoY)

(Unit : 100m)



| | YoY | QoQ | YoY Cumulative total |
|-------------------------|-----|-----|-------------------------|
| Specialty rubbers | 89% | 94% | 93% |
| General-purpose rubbers | 87% | 92% | 98% |
| Total | 88% | 92% | 97% |

■ Specialty rubbers

Sales volume down both YoY and QoQ due to shipment adjustments at Tokuyama and Takaoka plants for regular maintenance

■ General-purpose rubbers

Sales volume down both YoY and QoQ due to shipment adjustments associated with regular maintenance at Tokuyama Plant

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(Unit : 100m)

Total 5,386 (+63)

()=vs end of FY2023

[Current assets] +8.2B JPY
 ◆ Cash and deposits -12.2B JPY
 ◆ Accounts receivable +4.1B JPY
 ◆ Inventory assets +9.8B JPY

Current assets
 3,092
 (+82)

Fixed assets
 2,294
 (-19)

[Non-current assets] -1.9B JPY
 ◆ Property, plant and equipment +6.3B JPY
 ◆ Investment securities -9.8B JPY

[Current liabilities] +23.6B JPY
 ◆ Trade payables -5.0B JPY
 ◆ Commercial paper +28.0B JPY

Current liabilities
 1,672
 (-236)

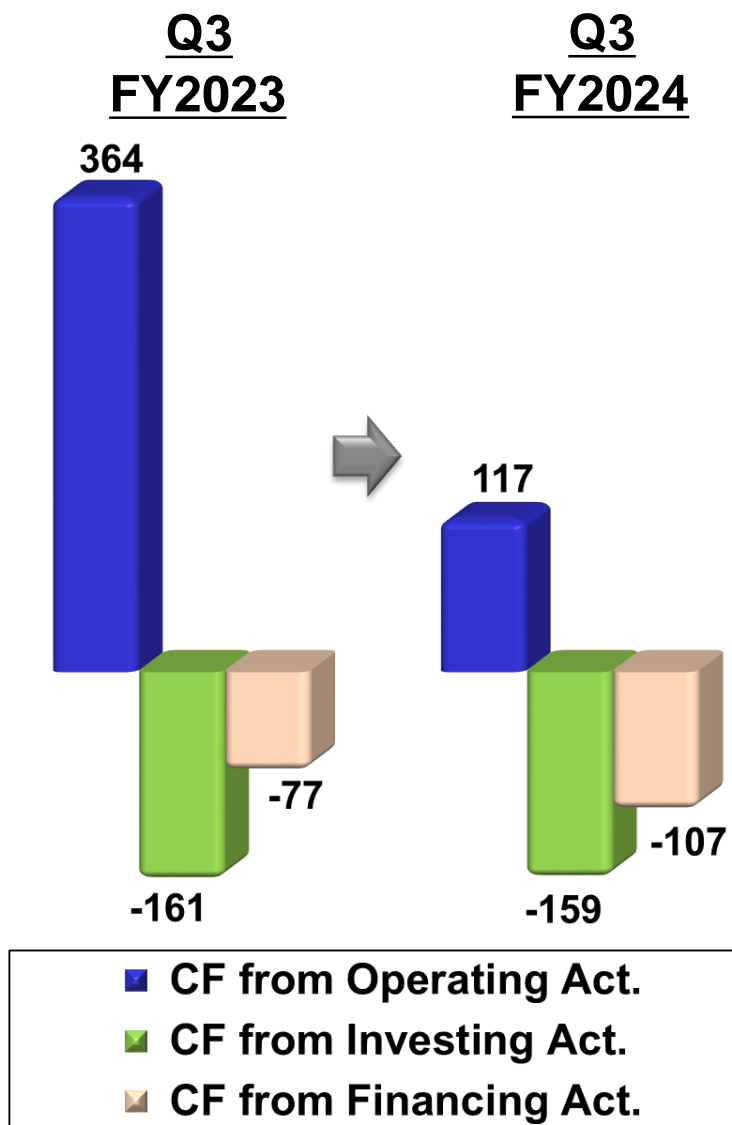
Long-term liabilities 224 (-25)

Total net assets
 3,490
 (-147)

[Net assets] -14.7B JPY
 ◆ Equity ratio 64.7% (-3.4)
 ◆ D/E ratio 0.11 (+0.08)

(Unit : 100m)

(Unit : 100m)



| | Q3 FY2023 | Q3 FY2024 |
|------------------------|------------|-------------|
| CF from Operating Act. | 364 | 117 |
| CF from Investing Act. | -161 | -159 |
| Free CF | 204 | -42 |
| CF from Financing Act. | -77 | -107 |
| CF | 126 | -149 |

| | |
|---------------------------------|-------------------|
| [CF from Operating Act.] | -24.7B JPY |
| ◆ Income before income taxes | -1.6B JPY |
| ◆ Valuation loss | +2.8B JPY |
| ◆ Working capital | -23.9B JPY |
| ◆ Taxes | -4.5B JPY |
| ◆ Others | +2.5B JPY |

| | |
|----------------------------------|------------------|
| [CF from Financing Act.] | -3.0B JPY |
| ◆ Borrowing | 27.0B JPY |
| ◆ Dividends | -4.5B JPY |
| ◆ Share buyback and cancellation | -24.8B JPY |
| ◆ Others | -0.6B JPY |

Non-operating Profit and Loss / Extraordinary Profit and Loss

(Unit : 100m)

| [Non-operating profit and loss] | Q1-Q3 FY2023 | Q1-Q3 FY2024 | YoY |
|--|-----------------|-----------------|-----------|
| Interest income/dividends | 26 | 24 | -2 |
| Exchange gain and loss | 21 | 13 | -8 |
| Subsidy income | 0 | 4 | +4 |
| Interest expenses | -0 | -1 | -1 |
| Loss on investments in investment partnerships | -3 | -1 | +3 |
| Fixed costs for inactive non-current assets | -6 | -3 | +2 |
| Donations | -0 | -3 | -3 |
| Provision of allowance for doubtful accounts | 0 | -5 | -5 |
| Other | 1 | 4 | +3 |
| Total non-operating profit and loss | 39 | 32 | -7 |

| [Extraordinary profit and loss] | Q1-Q3 FY2023 | Q1-Q3 FY2024 | YoY |
|---|-----------------|-----------------|------------|
| Gain/loss on sale of investment securities | 110 | 54 | -57 |
| Loss on valuation of investments in capital | -2 | -2 | - |
| Loss on disposal of non-current assets | -5 | -6 | -1 |
| Loss on valuation of investment securities | -0 | -9 | -9 |
| Impairment loss | -16 | -39 | -23 |
| Other | -0 | -0 | - |
| Total extraordinary profit and loss | 88 | -3 | -91 |

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(Unit : 100m)

Net Sales

| | FY2024 FCST (as of 10/28) | FY2024 FCST (as of 1/31) | Diff |
|---------------------------------|---------------------------------|--------------------------------|------------|
| Specialty Materials Biz. | 1,155 | 1,195 | +40 |
| Elastomer Business | 2,380 | 2,360 | -20 |
| Others/Eliminations, etc. | 615 | 615 | +0 |
| Net Sales (consolidated) | 4,150 | 4,170 | +20 |

Operating Income

| | FY2024 FCST (as of 10/28) | FY2024 FCST (as of 1/31) | Diff |
|--|---------------------------------|--------------------------------|------------|
| Specialty Materials Biz. | 140 | 165 | +25 |
| Elastomer Business | 90 | 95 | +5 |
| Others/Eliminations, etc. | 5 | 5 | - |
| Operating Income (consolidated) | 235 | 265 | +30 |

■ FY2024 forecast for net sales revised to 417.0B JPY and operating income to 26.5B JPY
4Q assumptions: US\$=¥150, €=¥155, Naphtha=¥72,000, Asian butadiene=US\$1,200

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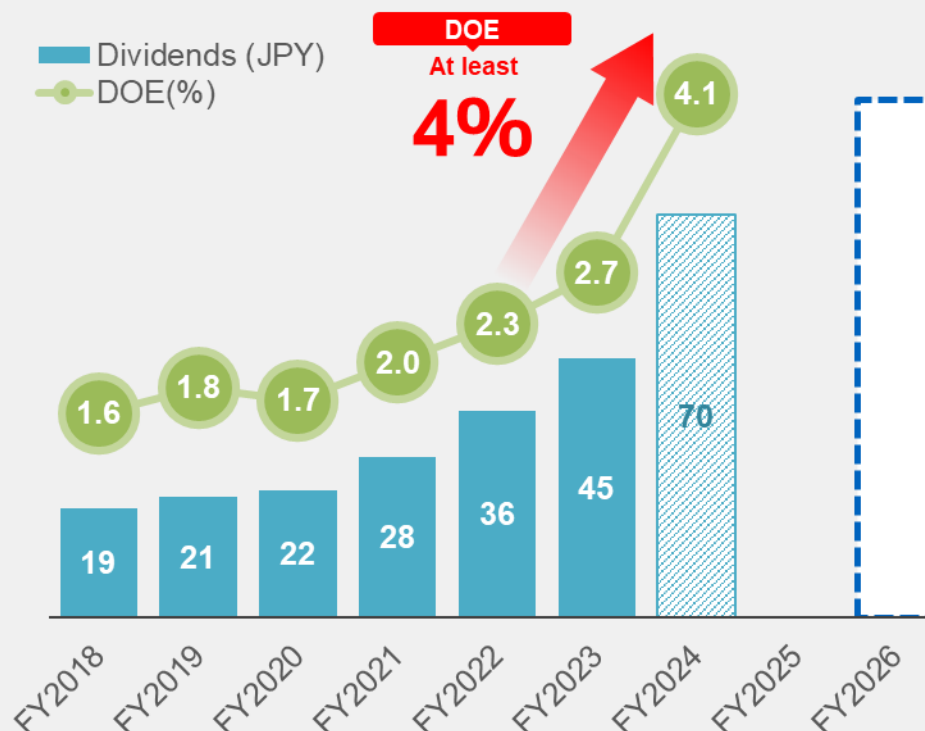
Shareholder Return Policy

- 1 Adopt DOE as a KPI for dividends and **DOE of at least 4%**
- 2 Share buyback (planned)

FY2024-FY2026

¥40.0B

- FY2024 ¥20.0B
- FY2025-FY2026 ¥20.0B



- Dividend forecast for FY2024: total ¥70/share/year (+¥25 YoY)
- The annual dividend is expected to increase for 15 consecutive years since FY2010.

Next Announcement

| | |
|-------------------------------------|-------------------------|
| FY2024 Financial Results | April 25th, 2025 |
|-------------------------------------|-------------------------|

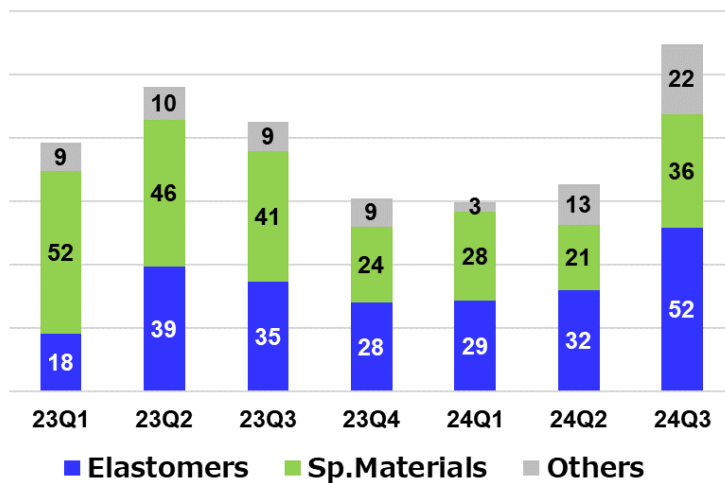
Subject to change without notice

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 2024

(Unit : JPY100m)

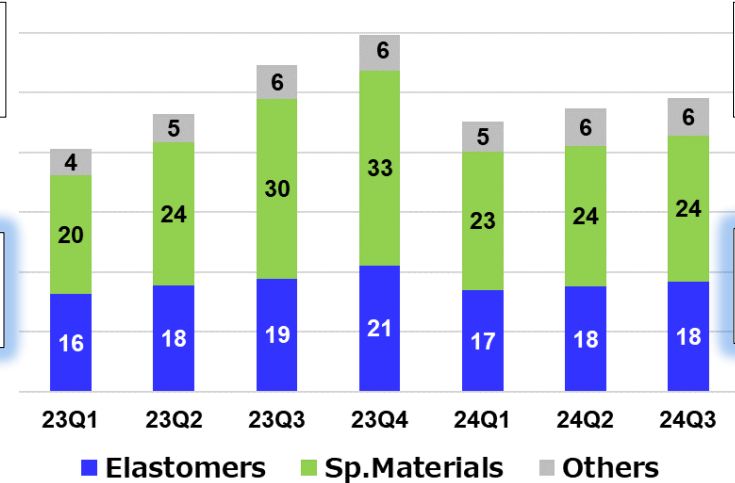
[Capital Expenditures]



FY23
322

FY24
330

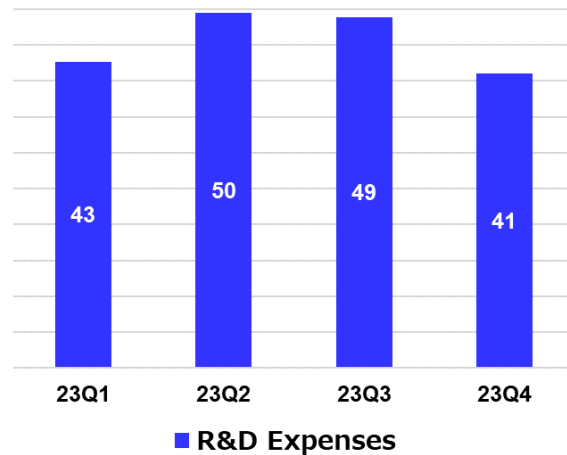
[Depreciation & Amrtization]



FY23
202

FY24
200

[R&D Expenses]



FY23
182

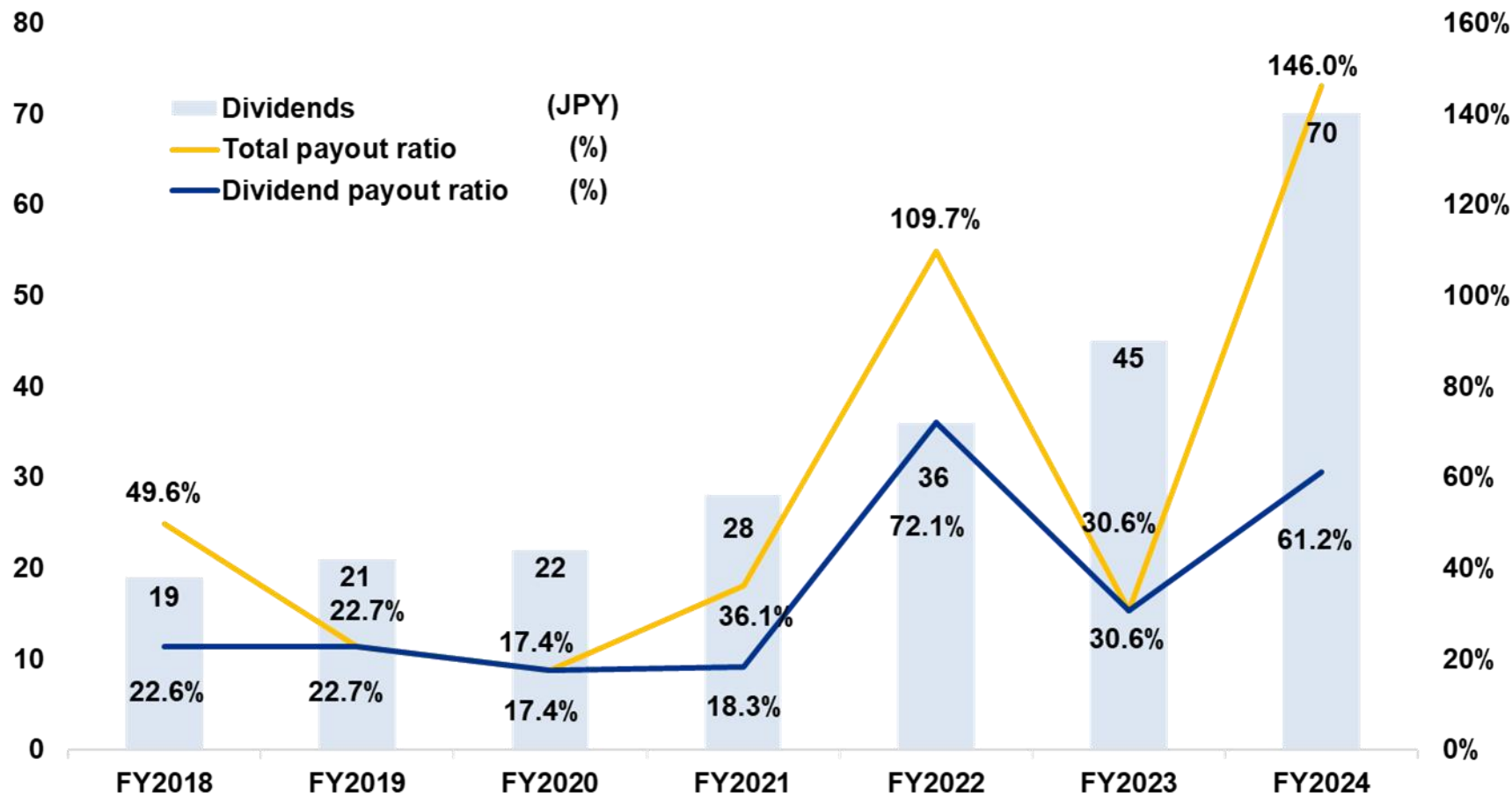
FY24
188

Reference: Dividend payout ratio, Total return ratio and Dividend yield

ZEON

(Unit: JPY)

(Unit: %)



■ Dividend yield of 4.85 (based on closing price on January 30, 2025)

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**