

Financial Results

The 1st Half of FY2021 (Apr. 1- Sep. 30)



October 29, 2021
ZEON CORPORATION

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[Summary]

- ◆ Overall, both Elastomers and Specialty Materials performed steady. In Q2, both sales and profits were up YoY, while QoQ, sales were up, but profits were down.
- ◆ COVID-19 did not impact procurement or production.

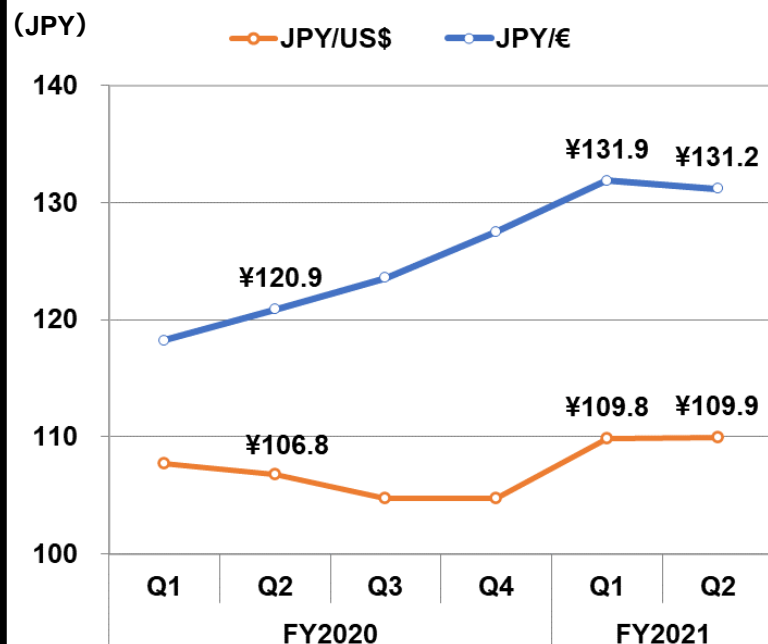
[Elastomer Business Overview]

- ◆ Operating income was down despite an improvement in unit selling prices associated with the increase in the price of raw materials and an increase in net sales.
- ◆ Continuing from Q1, shipments to Europe and the United States have been delayed due to the container shortage.

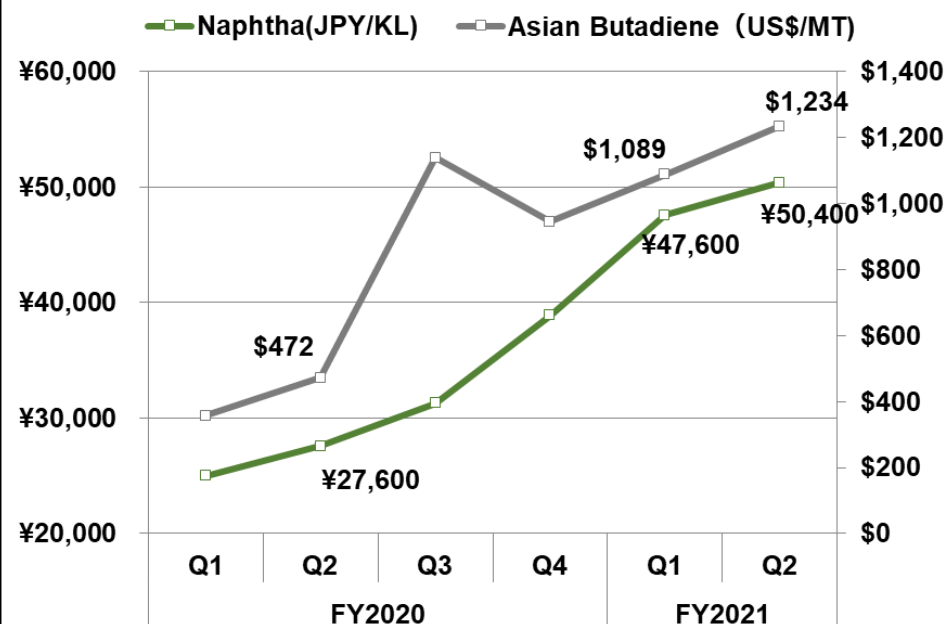
[Specialty Materials Business Overview]

- ◆ Operating income was down Q1 due to experimental production costs associated with optical films despite an increase in net sales associated with an increased shipment volume.
- ◆ There was a lull in battery materials due primarily to the semiconductor shortage and a power limit in China.

【 Exchange Rates 】



【 Raw Materials 】



	Q2 FY2020	Q1 FY2021	Q2 FY2021	YoY(%)	QoQ(%)
JPY/US\$	¥106.8	¥109.8	¥109.9	+3%	---
JPY/€	¥120.9	¥131.9	¥131.2	+9%	-1%
Naphtha(JPY/KL)	¥27,600	¥47,600	¥50,400	+83%	+6%
Asian Butadiene(US\$/MT)	\$472	\$1,089	\$1,234	+161%	+13%

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(Unit : JPY100m)

	Q2 FY2020	Q1 FY2021	Q2 FY2021	YoY (Quarter)	QoQ (Quarter)	H1 FY2020	H1 FY2021	YoY (Half)
Net Sales	679	872	919	+240	+47	1,374	1,791	+417
Operating Income	56	139	111	+55	-28	99	250	+150
Ordinary Income	59	148	117	+59	-31	109	266	+156
Net Income	46	101	83	+37	-17	82	184	+102

■ YoY : Net sales +24.0B JPY, operating income +5.5B JPY

■ QoQ: Net sales +4.7B JPY, operating income -2.8B JPY

Note: Results at overseas subsidiaries from April to June 2021 are reflected in Q2 consolidated results.

H1 FY2021 Performance Summary (By Segment)

(Unit : JPY100m)

Net Sales

	H1 FY2020	H1 FY2021	YoY	H1 FY2021 FCST	H1 Variance (Act vs FCST)	H1 (%) (Act vs FCST)
Elastomer Business	713	989	+276	1,010	-21	-2 %
Specialty Materials Biz.	465	541	+76	505	+36	+7 %
Others/Eliminations, etc.	196	261	+65	265	-4	-2 %
Net Sales (consolidated)	1,374	1,791	+417	1,780	+11	+1 %

Operating Income

	H1 FY2020	H1 FY2021	YoY	H1 FY2021 FCST	H1 Variance (Act vs FCST)	H1 (%) (Act vs FCST)
Elastomer Business	8	108	+100	110	-2	-1 %
Specialty Materials Biz.	97	140	+43	140	+0	--- %
Others/Eliminations, etc.	- 7	1	+8	---	+1	--- %
Op. Income(consolidated)	99	250	+150	250	---	--- %

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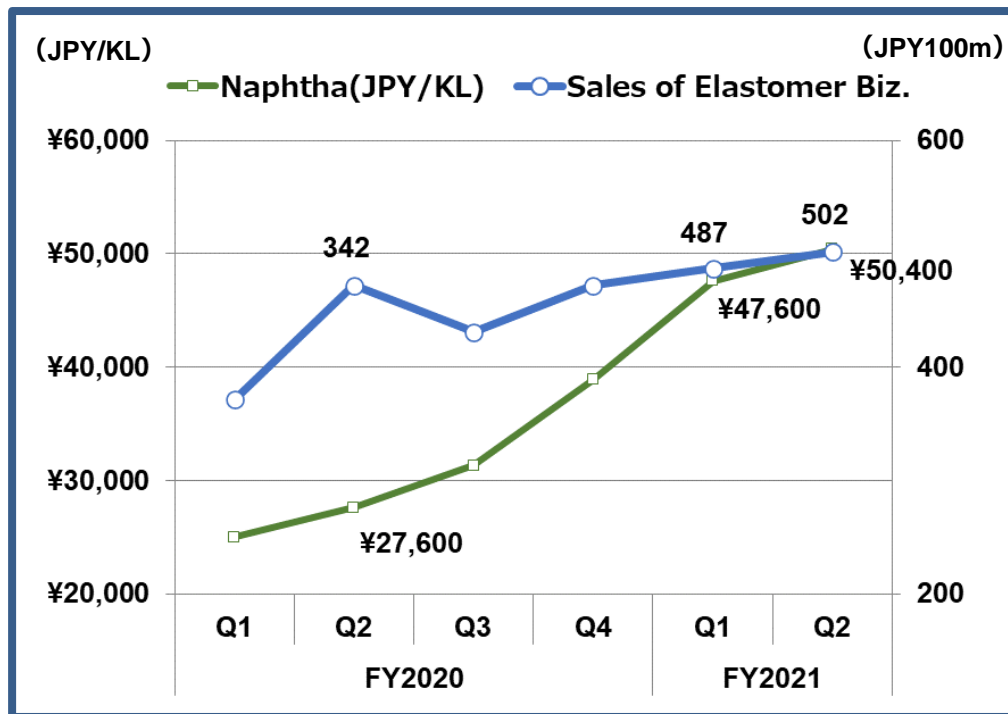
P.18 Specialty Plastics Business: Optical Films Situation

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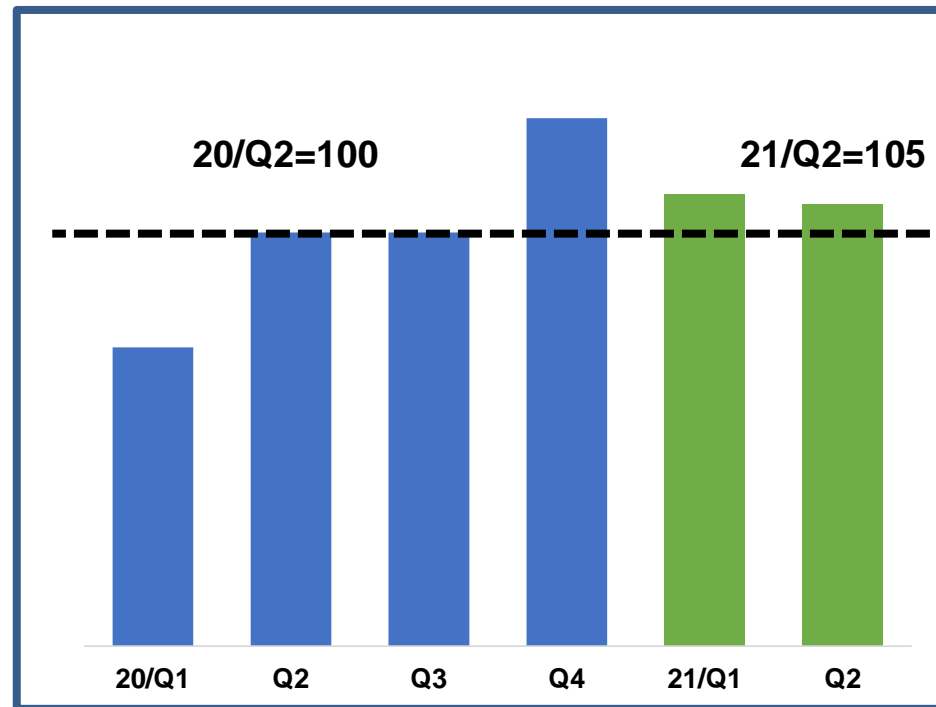
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【Naphtha Price vs. Elastomer Sales】



【 Synthetic Rubber Sales Volume 】



- Net sales up owing to price revisions associated with increase in price of naphtha
- Demand steady, but shipments around same level as previous quarter due to container shortage

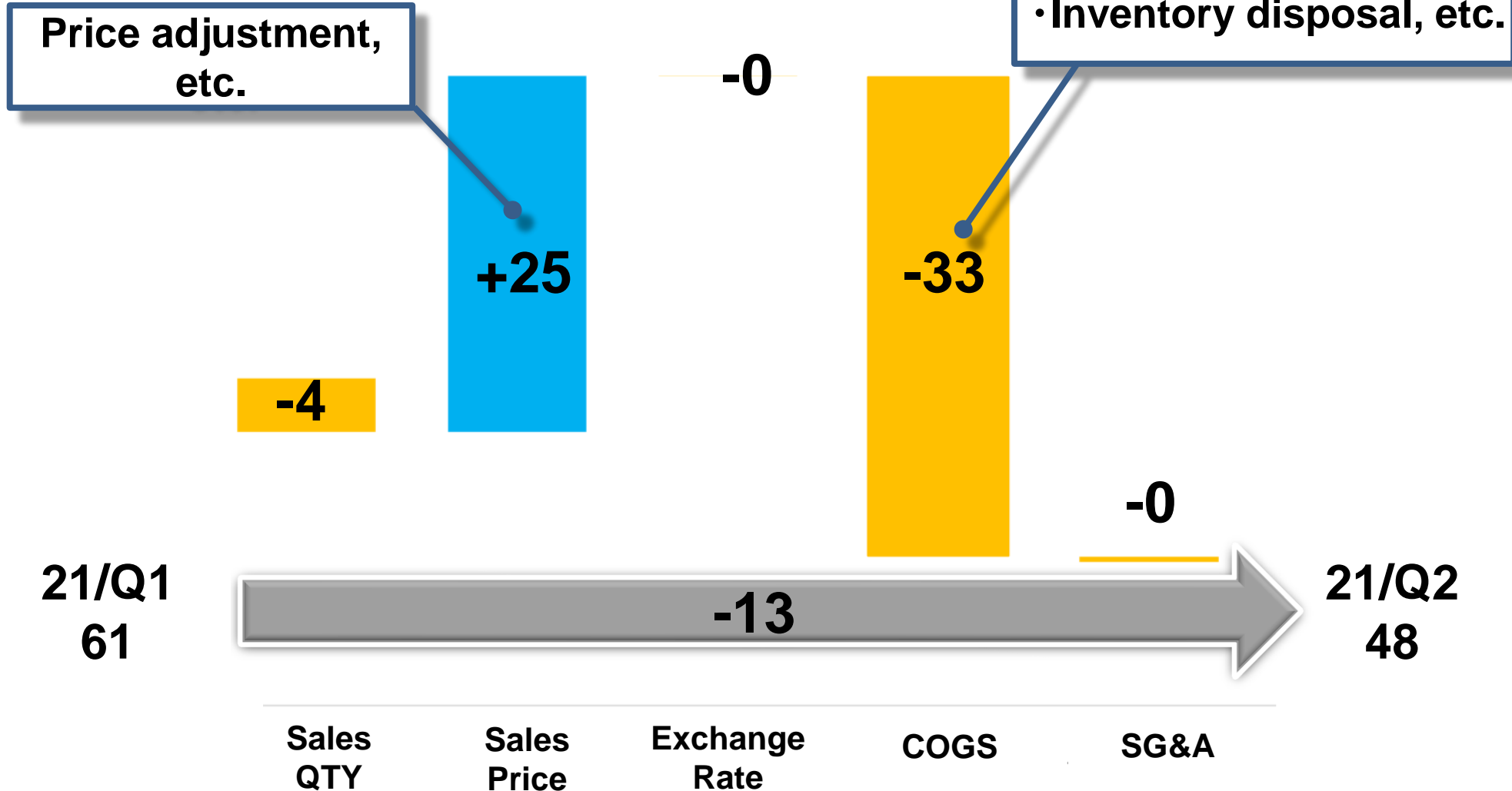
(Unit : JPY100m)

	Q2 FY2020	Q1 FY2021	Q2 FY2021	YoY	YoY(%)	QoQ	QoQ(%)
Sales Volume (20/Q2=100)	100	105	98	- 2 pt	- 2 %	- 7 pt	- 7 %
Rubbers	100	107	104	4 pt	4 %	- 2 pt	- 2 %
Latexes	100	110	100	- 0 pt	- 0 %	- 10 pt	- 9 %
Chemicals	100	98	81	- 19 pt	- 19 %	- 17 pt	- 17 %
Net Sales	342	487	502	160	47 %	15	3 %
Rubbers	218	308	325	107	49 %	17	6 %
Latexes	32	76	68	36	113 %	- 8	- 11 %
Chemicals	79	95	101	22	28 %	6	7 %
Others/Eliminations	13	8	8	- 5	- 36 %	- 1	- 6 %
Operating Income	9	61	48	38	404 %	- 13	- 21 %
Operating income ratio	3%	12%	10%				

- Sales volume: QoQ decrease due to shortage of containers and plant shut down
- Net sales : Sales up with raw material price-linked formula and price revisions
- Operating income: Down due to increase in price of raw materials

Elastomer Business Operating Income Variance (QoQ)

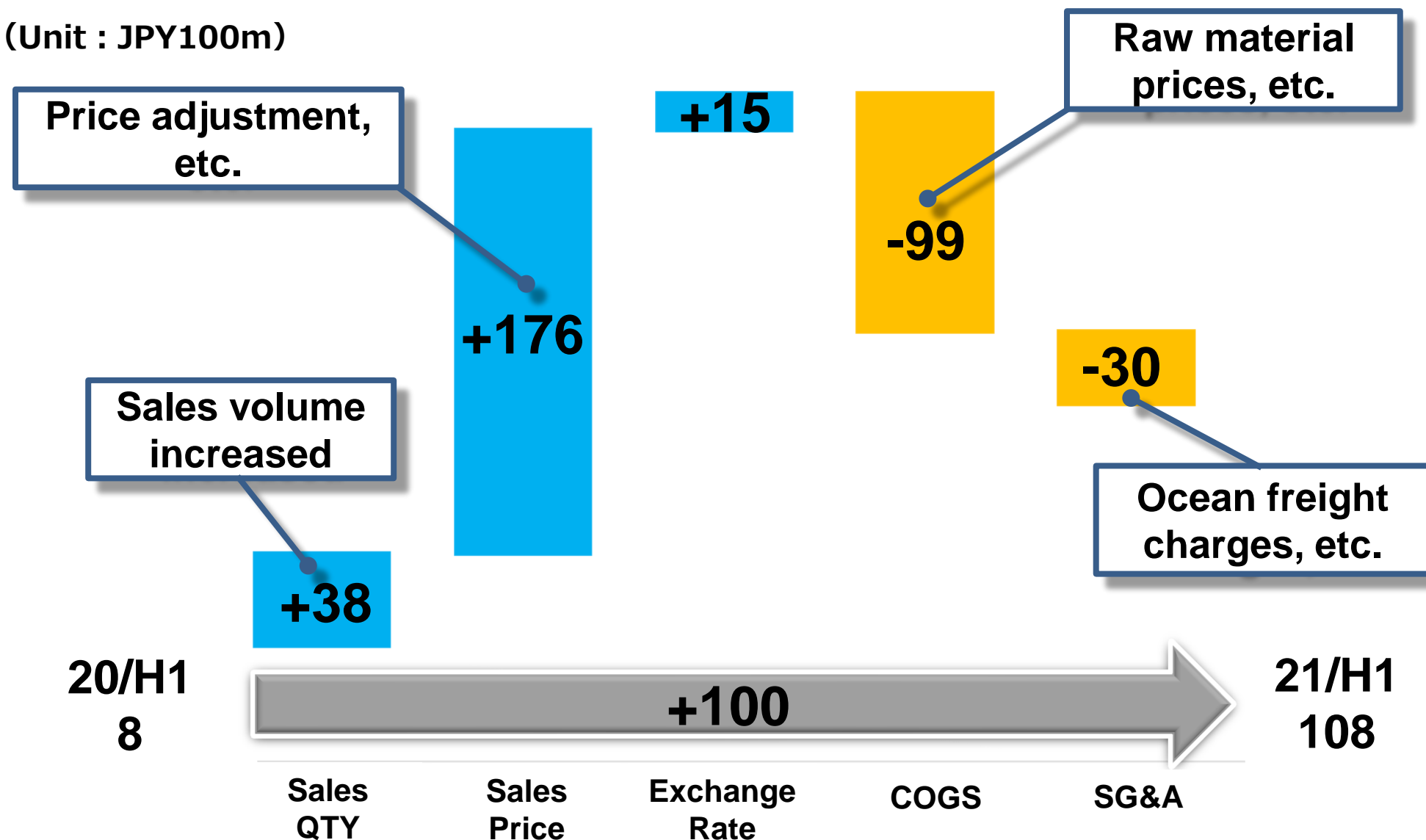
(Unit : JPY100m)



Elastomer Business Operating Income Variance (YoY and vs. 1H)

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(Unit : JPY100m)



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(Unit : JPY100m)

	Q2 FY2020	Q1 FY2021	Q2 FY2021	YoY	YoY(%)	QoQ	QoQ(%)
Net Sales	242	252	289	47	20 %	38	15 %
✕ Specialty plastics	163	156	180	17	11 %	24	15 %
✕ Specialty chemicals	67	83	97	30	45 %	14	17 %
Medical devices, etc.	12	13	13	1	7 %	- 0	- 0 %
Operating Income	49	78	63	13	27 %	- 15	- 19 %
Operating Income ratio	20%	31%	22%				

✕ Specialty plastics : Optical plastics and optical films
 ✕ Specialty chemicals: Battery materials, chemicals, electronic materials, toner

■ Net sales

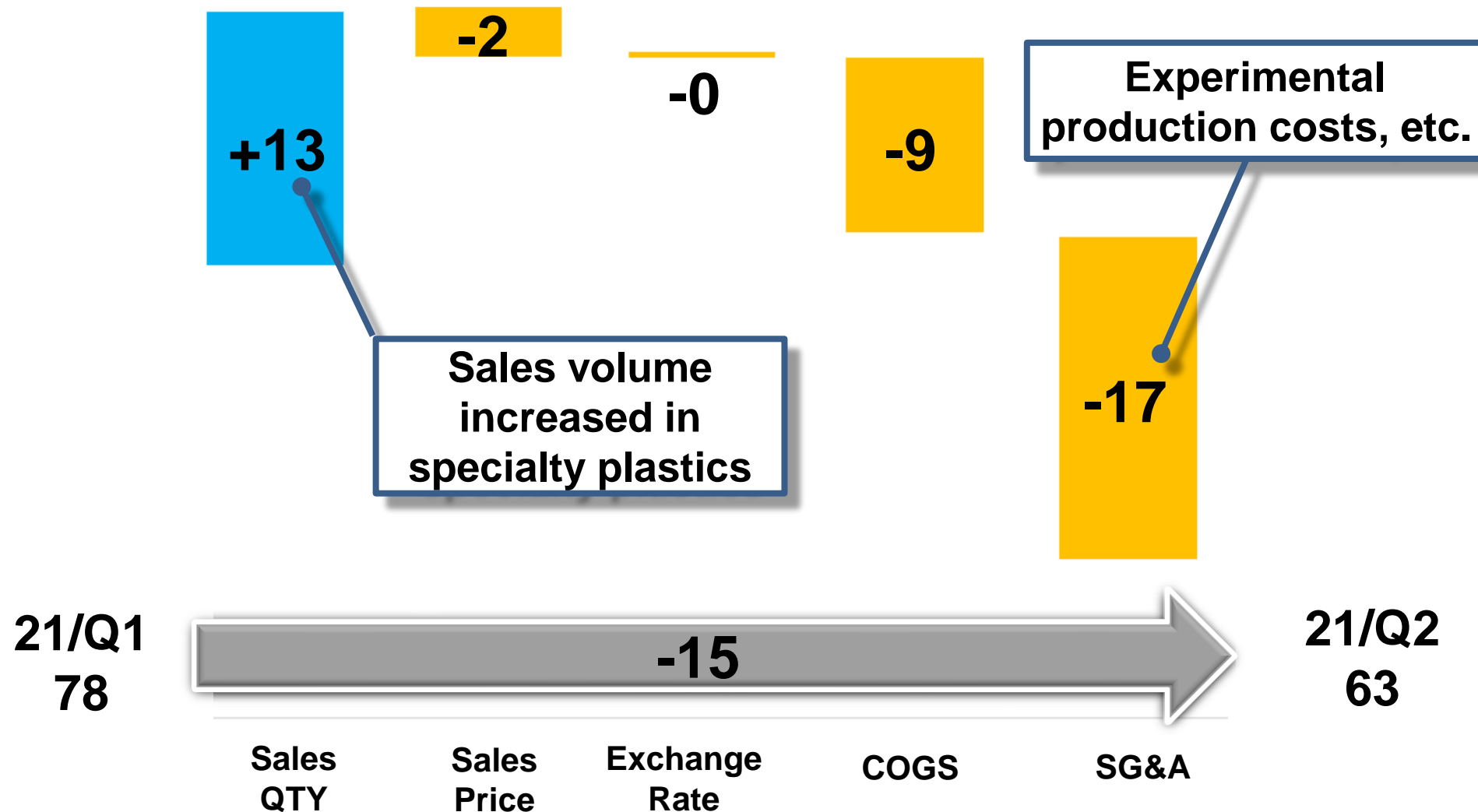
Sales steady in both specialty plastics and specialty chemicals businesses
 Overall, specialty materials sales up 3.8B JPY (15%) QoQ

■ Operating income

Down 1.5B JPY QoQ due primarily to experimental production costs
 associated with optical films

Specialty Materials Operating Income Variance (QoQ)

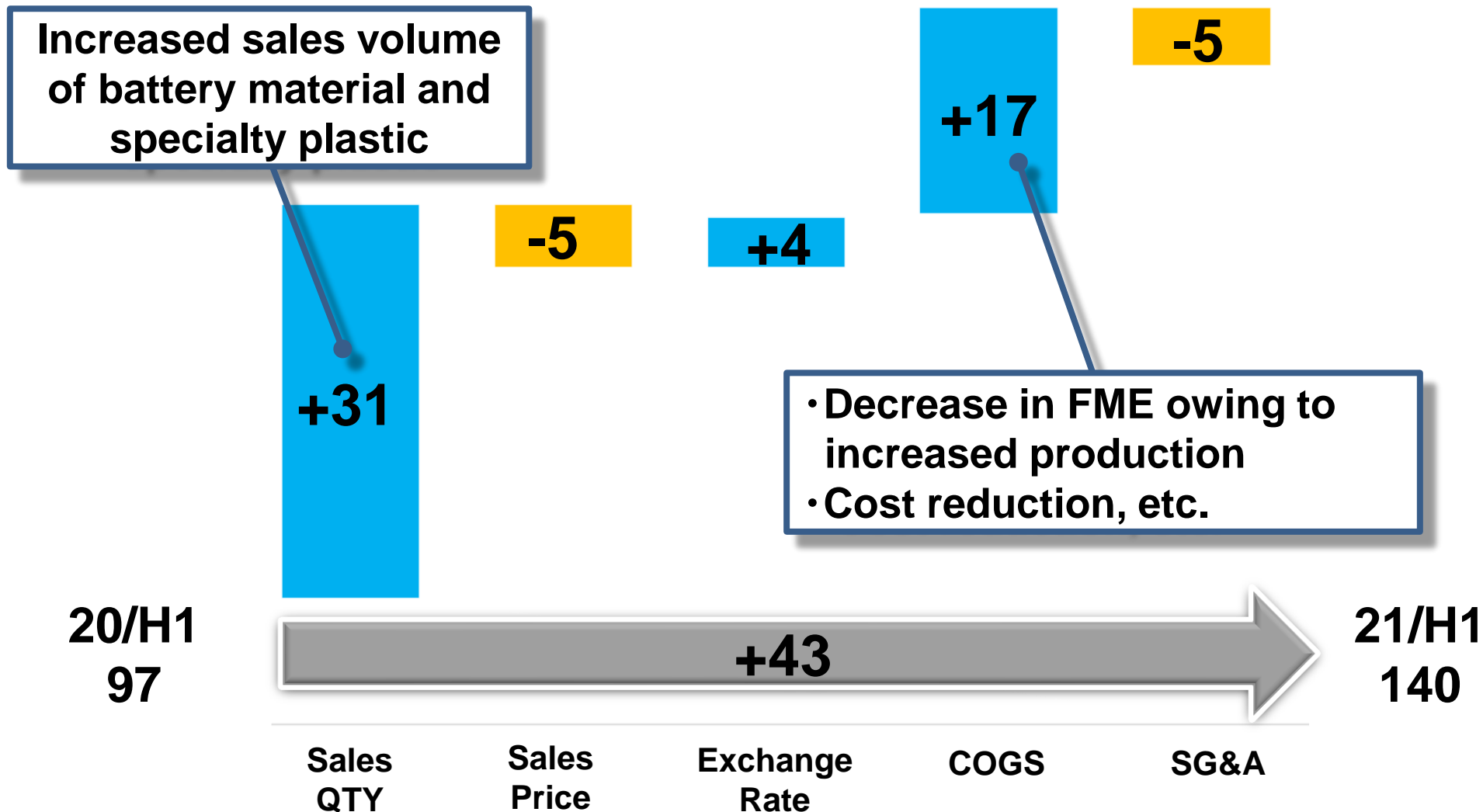
(Unit : JPY100m)



Specialty Materials Operating Income Variance (YoY and vs. H1)

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(Unit : JPY100m)



	YoY	QoQ
EV	182%	86%
Consumer use, etc.	101%	100%
Total	147%	90%

■ EV

Decreased temporarily due to shortage of materials such as semiconductors, but will recover in Q3

■ Consumer use, etc.

Sales for home appliances and mobile devices at same level as previous quarter, and shipments for industrial use (ESS) steady

	YoY	QoQ
Optical use	126%	107%
Medical use, etc.	111%	82%
Total	117%	91%

■ Optical use

Security cameras and mobile devices steady

■ Medical use, etc

Demand steady, but down QoQ due to the pre-harvest months

	YoY	QoQ
For small-to-medium size	101%	111%
For Large size FPD	105%	100%
Total	104%	102%

■ For small-to-medium size

Shipments steady for smartphones and tablets, impact of semiconductor shortage minor

■ For large size

Shipments steady for Chinese market

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Unit:JPY100m

Total assets 4,897 (+409)

()=Vs. end of FY2020

[Current assets] +34.9B JPY

- ◆ Cash and deposits +10.2B JPY
- ◆ Accounts receivable +5.0B JPY
- ◆ Inventory assets +11.0B JPY

Current assets
2,681
(+349)

Fixed assets
2,216
(+60)

[Non-current assets] +6.0B JPY

- ◆ Property, plant and equipment +4.8B JPY

[Current liabilities] +31.5B JPY

- ◆ Trade payables +18.4B JPY
- ◆ Corporate bonds changed from long-term to short-term +10.0B JPY

Current liabilities
1,453
(+315)

Long-term liabilities 271 (-96)

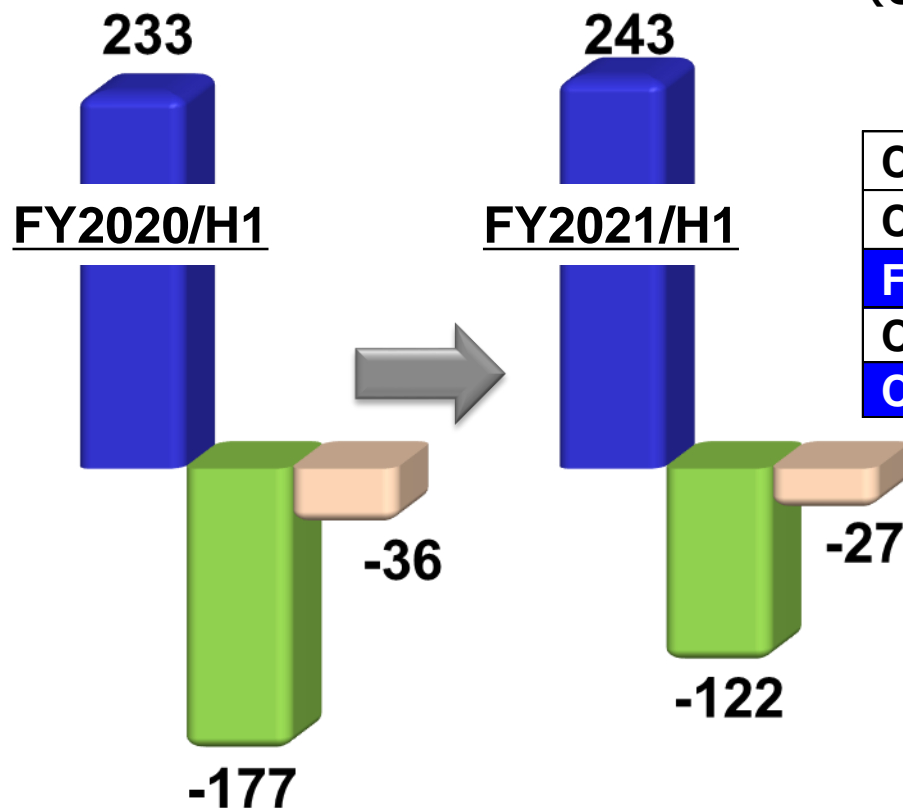
- ◆ Corporate bonds changed from long-term to short-term -10.0B JPY

Total net assets
3,172
(+190)

[Net assets] +19.0B JPY

- ◆ Interest-bearing debt 19.0B JPY (+/- 0)
- ◆ Equity ratio 64.1% (-1.7)
- ◆ D/E ratio 0.06 (+/- 0)

(Unit : JPY100m)



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

(Unit : JPY100m)

	H1 FY2020	H1 FY2021
CF from Operating Act.	233	243
CF from Investing Act.	- 177	- 122
Free CF	56	122
CF from Financing Act.	- 36	- 27
CF	20	94

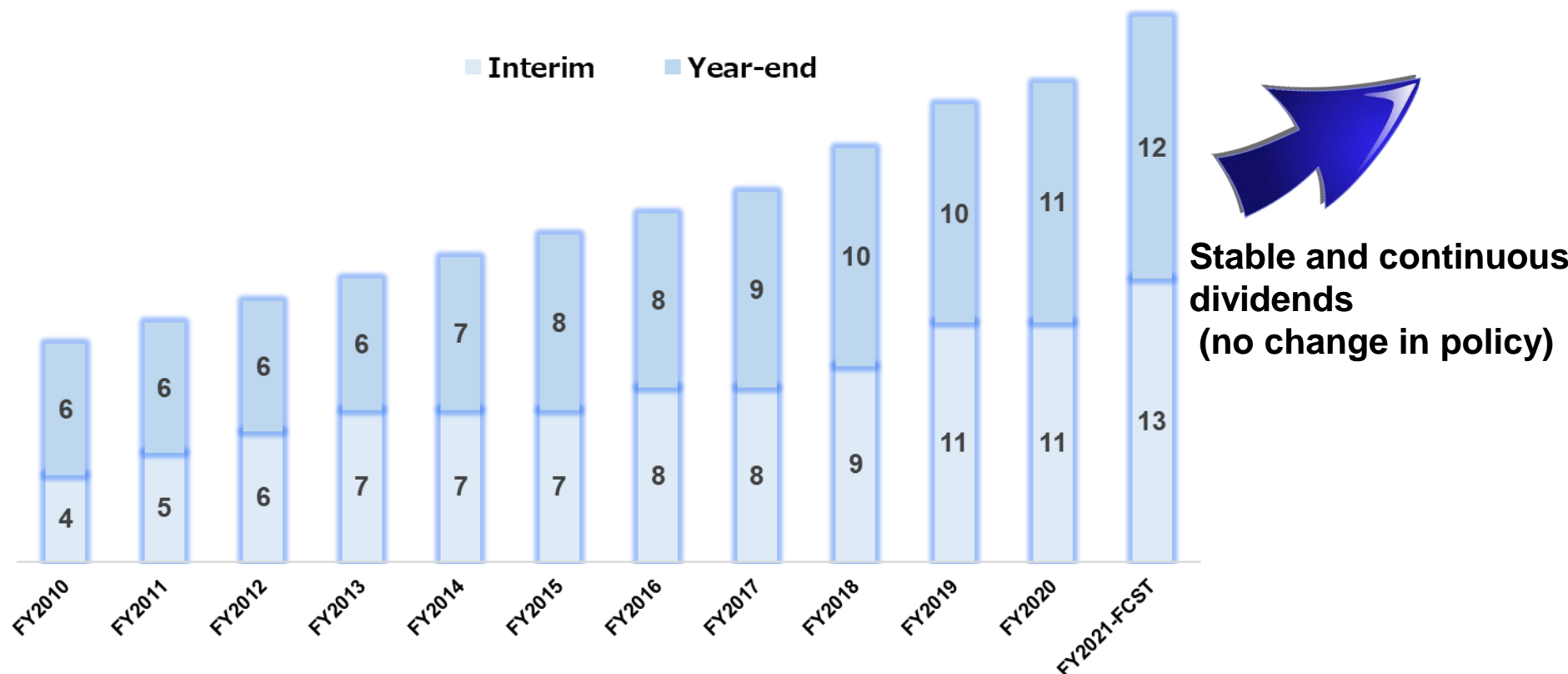
(Unit : JPY100m)

Net Sales	H1/2021	H2/2021 FCST	FY2021 FCST	HoH	HoH(%)
Elastomer Business	989	841	1,830	-148	-15%
Specialty Materials Biz.	541	460	1,000	-82	-15%
Others/Eliminations, etc.	261	239	500	-22	-8%
Op. Income(consolidated)	1,791	1,540	3,330	-251	-14%

Operating Income	H1/2021	H2/2021 FCST	FY2021 FCST	HoH	HoH(%)
Elastomer Business	108	56	165	-52	-48%
Specialty Materials Biz.	140	118	258	-22	-16%
Others/Eliminations, etc.	1	- 4	- 3	-5	---
Op. Income(consolidated)	250	170	420	-80	-32%

Full-year net sales forecast at 330.0B JPY and operating income at 42.0B JPY (US\$=¥105, €=¥125)

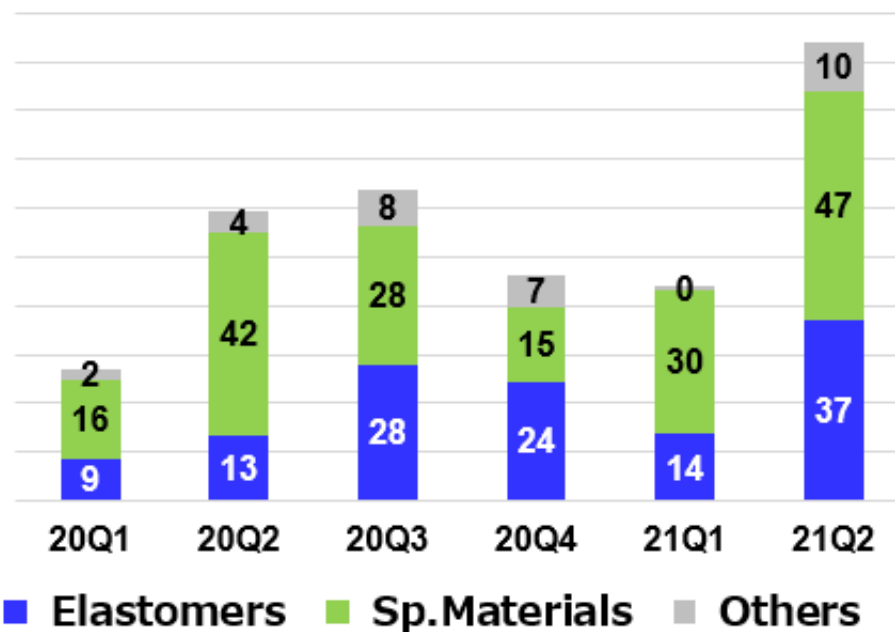
【配当金予想、単位：円】



FY2021 dividend forecast revised to interim dividend of 13 JPY (+1 JPY) and year-end dividend of 12 JPY for full-year dividend of 25 JPY (+ 3 JPY from previous year)

(Unit : JPY100m)

【Capital Expenditures】

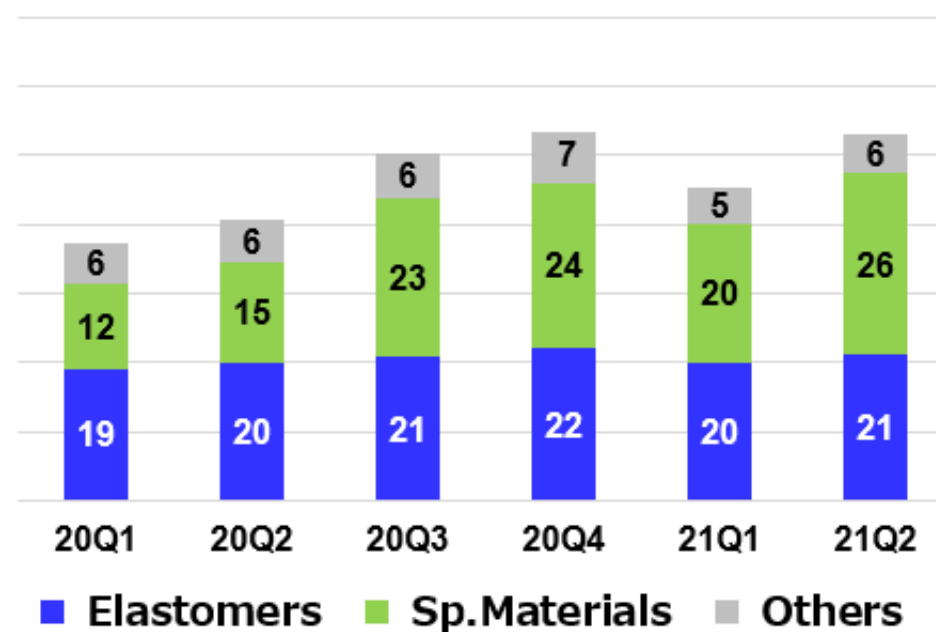


FY2020 Act.
196



FY2021 FCST
220

【Depreciation & Amortization】



FY2020 Act.
182



FY2021 FCST
195

Next Announcement of Financial Statements

The 3rd quarter of FY2021	Jan. 31th , 2022
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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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