

# Financial Results

## The 1<sup>st</sup> Half of FY2023 (Apr. 1 – Sep. 30)



**October 27, 2023**  
**ZEON CORPORATION**

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## 【 Summary 】

- ◆ In Q2 consolidated results, sales and profits were down YoY, while sales were up, but profits were down QoQ.
- ◆ As for raw material prices, Naphtha and Asian butadiene were down. Yen was down.
- ◆ The FY2023 performance forecast was revised downward except for net income.

## [Elastomer Business Overview]

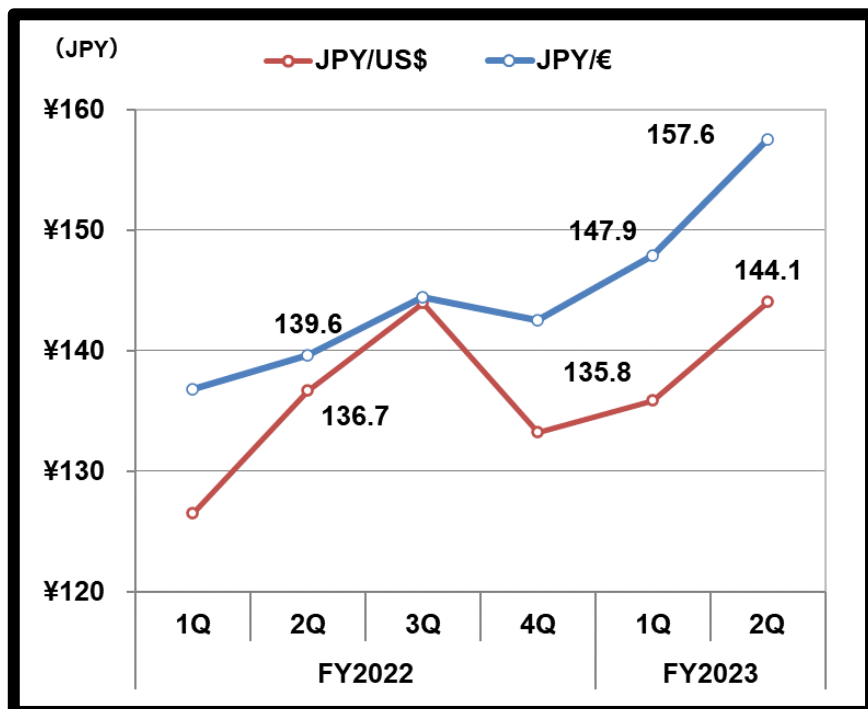
- ◆ Sales and profits were down YoY with synthetic rubber sales volume flat YoY, chemicals impacted by a delay in recovery of demand in the adhesive tape market, and latexes continuing to be impacted by relaxing of supply and demand for gloves.
- ◆ Sales were up, but profits were down QoQ with synthetic rubber seeing an increase in SG&A despite a QoQ increase in shipments, which was driven by general-purpose rubber, and chemicals being impacted mainly by FME.

## [Specialty Materials Business Overview]

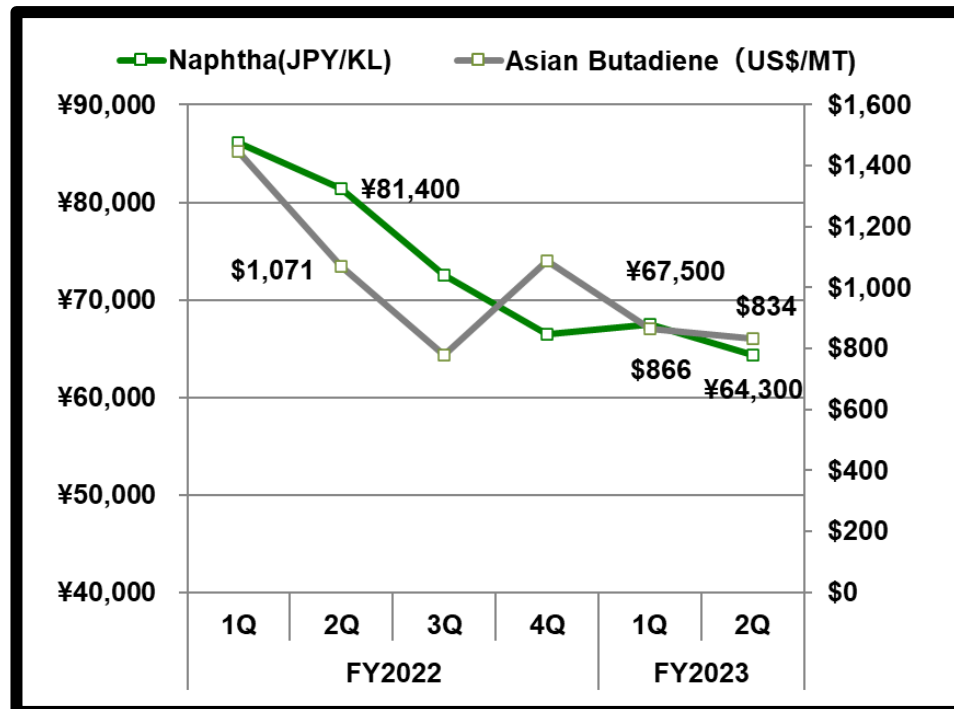
- ◆ As for specialty plastics, sales were up, but profits were down both YoY and QoQ with a recovery in shipments for large size films and plastics for optical use and sluggish shipments of small to medium size films and plastics for medical use, etc.
- ◆ As for specialty chemicals, sales and profits were down YoY due to a consolidated period lag at overseas subsidiaries for battery materials, but both sales and profits were up QoQ with a recovery in customer utilization rates.

# Q2 FY2023 Business Environment (Trends in Exchange Rates and Prices of Raw Materials)

## [Exchange Rates]



## [Raw Materials]



	Q2 FY2022	Q1 FY2023	Q2 FY2023	YoY(%)	QoQ(%)
JPY/US\$	¥136.7	¥135.8	¥144.1	+5%	+6%
JPY/€	¥139.6	¥147.9	¥157.6	+13%	+7%
Naphtha(JPY/KL)	¥81,400	¥67,500	¥64,300	-21%	-5%
Asian Butadiene(US\$/MT)	\$1,071	\$866	\$834	-22%	-4%

\*Naphtha: Figures for Q2 FY2022 and Q1 FY2023 are confirmed, while the figure for Q2 FY2023 is our estimate.

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(Unit : JPY100m)

	Q2 FY2022	Q1 FY2023	Q2 FY2023	YoY	QoQ	H1 FY2022	H1 FY2023	YoY (Half)
Net Sales	998	919	935	-63	+16	1,974	1,854	-120
Operating Income	95	61	33	-61	-28	202	95	-107
Ordinary Income	115	83	47	-67	-36	244	130	-114
Net Income	87	58	45	-42	-13	174	104	-71

- YoY (in 3 mo.) : Net Sales -6.3B JPY, Operating Income -6.1B JPY
- QoQ : Net Sales +1.6B JPY, Operating Income -2.8B JPY
- YoY (in 6 mo.) : Net Sales -12.0B JPY, Operating Income -10.7B JPY

**Note:** Results at overseas subsidiaries from April to June 2023 are reflected in Q2 consolidated results.

## Q2 FY2023 Performance Summary (By Segment)

(Unit : JPY100m)

Net Sales	Q2 FY2022	Q1 FY2023	Q2 FY2023	YoY	QoQ
Elastomer Business	579	522	525	▲ 54	+3
Specialty Materials Biz.	265	252	262	▲ 3	+10
Others/Eliminations, etc.	155	145	148	▲ 7	+3
<b>Net Sales</b>	<b>998</b>	<b>919</b>	<b>935</b>	<b>▲ 63</b>	<b>+16</b>

Operating Income	Q2 FY2022	Q1 FY2023	Q2 FY2023	YoY	QoQ
Elastomer Business	53	25	12	▲ 41	▲ 13
Specialty Materials Biz.	47	40	26	▲ 21	▲ 14
Others/Eliminations, etc.	▲ 5	▲ 3	▲ 4	+0	▲ 1
<b>Operating Income</b>	<b>95</b>	<b>61</b>	<b>33</b>	<b>▲ 61</b>	<b>▲ 28</b>



# H1 FY2023 Performance Summary (By Segment)

(Unit : 100m)

## Net Sales

	H1 FY2022	H1 FY2023 FCST	H1 FY2023	YoY (Half)	YoY (%)	Diff. (vs. H1 FCST)	Diff. (%)
Elastomer Business	1,114	1,035	1,047	-67	-6 %	+12	1 %
Specialty Materials Biz.	566	515	514	-52	-9 %	-1	-0 %
Others/Eliminations, etc.	294	300	293	-1	-0 %	-7	-2 %
<b>Net Sales</b>	<b>1,974</b>	<b>1,850</b>	<b>1,854</b>	<b>-120</b>	<b>-6 %</b>	<b>+4</b>	<b>0 %</b>

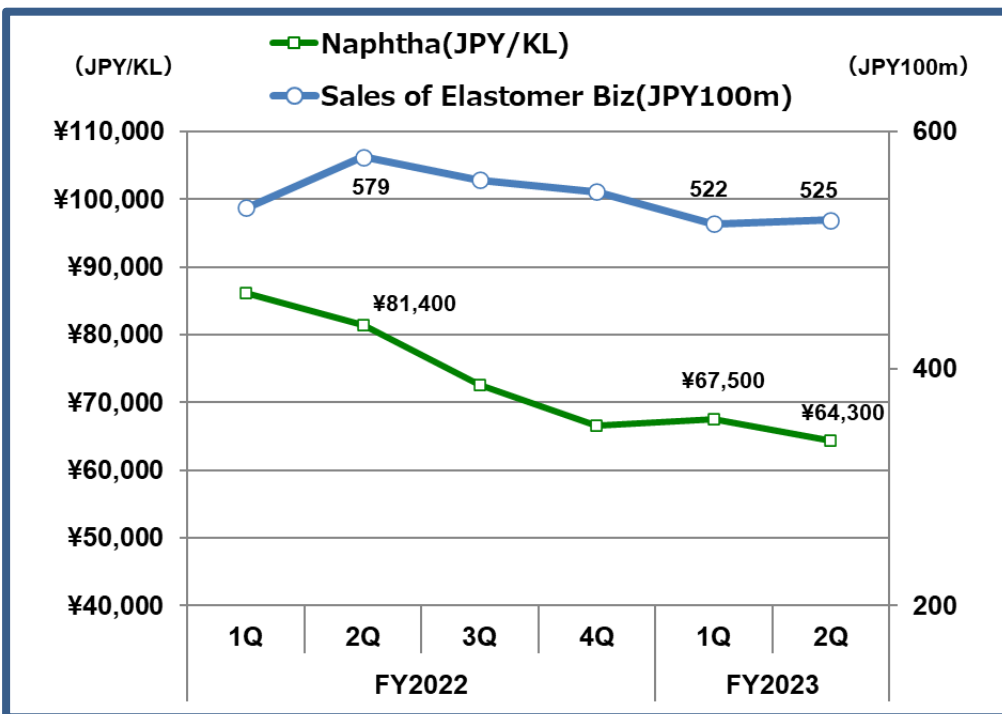
## Operating Income

	H1 FY2022	H1 FY2023 FCST	H1 FY2023	YoY (Half)	YoY (%)	Diff. (vs. H1 FCST)	Diff. (%)
Elastomer Business	93	38	36	-57	-61 %	-2	-4 %
Specialty Materials Biz.	116	80	66	-50	-43 %	-14	-18 %
Others/Eliminations, etc.	-8	-8	-8	+0	-1 %	+0	-3 %
<b>Operating Income</b>	<b>202</b>	<b>110</b>	<b>95</b>	<b>-107</b>	<b>-53 %</b>	<b>-15</b>	<b>-14 %</b>

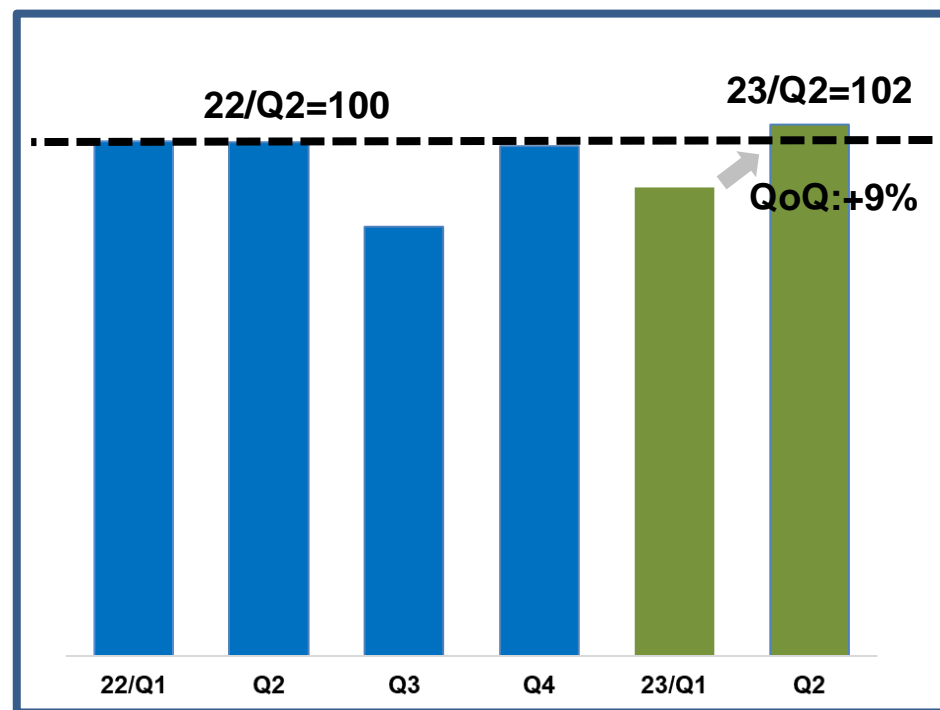


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## [Naphtha Price vs. Elastomer Sales]



## [ Synthetic Rubber Sales Volume ]



- Net sales in the Elastomer Business down YoY with delay in recovery of demand for chemicals
- Synthetic rubber sales volume mostly flat YoY, but shipments up QoQ driven by general-purpose rubbers

(Unit : 100m)

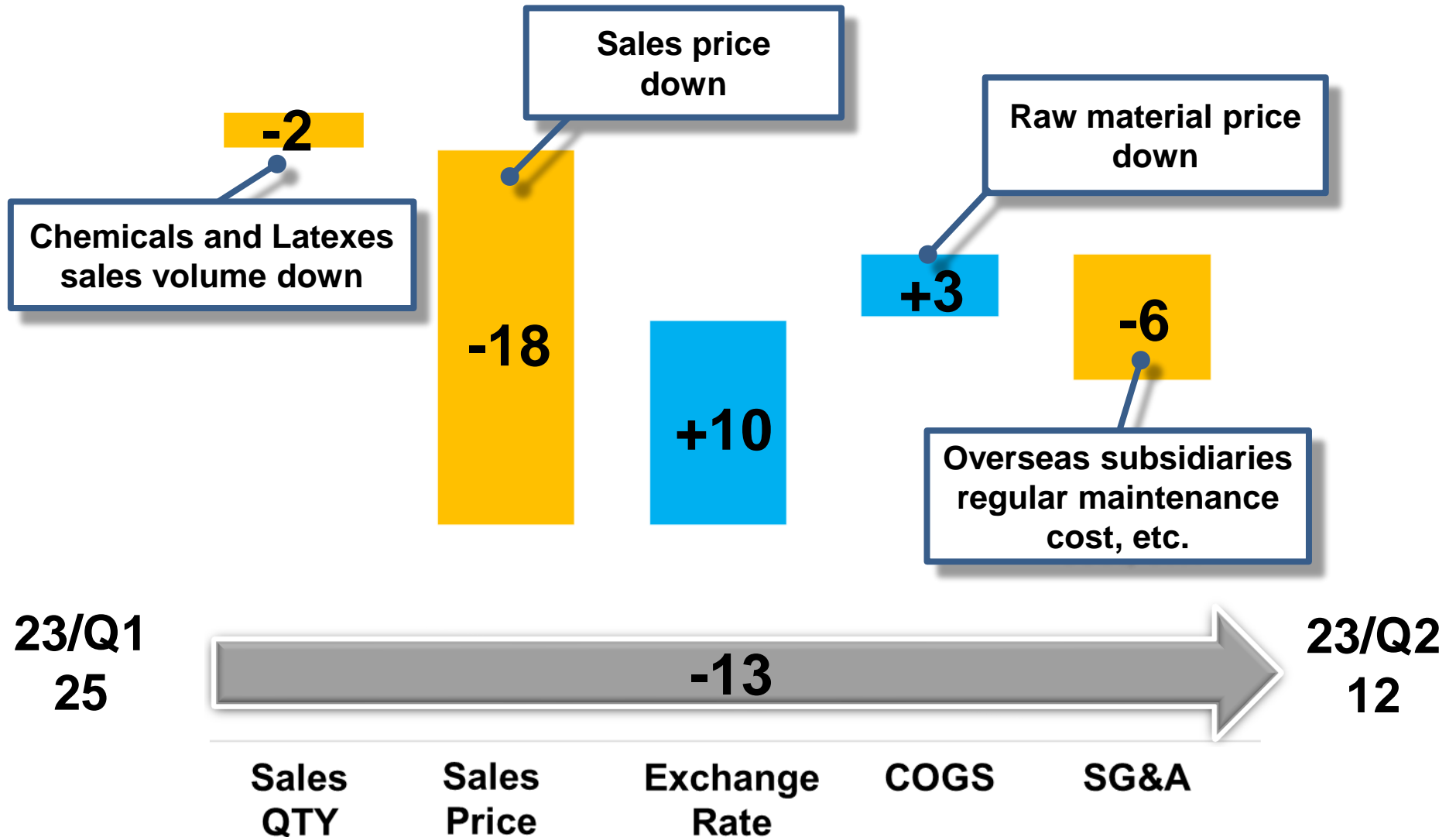
	Q2 FY2022	Q1 FY2023	Q2 FY2023	YoY	YoY(%)	QoQ	QoQ(%)
<b>Sales Volume</b> € (22/Q2=100)	100	89	92	-8 pt	-8 %	3 pt	3 %
Synthetic rubbers	100	94	102	2 pt	2 %	8 pt	9 %
Latexes	100	60	55	-45 pt	-45 %	-5 pt	-8 %
Chemicals	100	100	90	-10 pt	-10 %	-9 pt	-9 %
<b>Net Sales</b>	579	522	525	-54	-9 %	3	1 %
Synthetic rubbers	416	405	405	-11	-3 %	-0	-0 %
Latexes	43	27	25	-18	-43 %	-2	-7 %
Chemicals	108	79	82	-26	-24 %	3	4 %
Others/Eliminations	12	11	13	2	13 %	2	18 %
<b>Operating Income</b>	53	25	12	-41	-78 %	-13	-52 %
Operating income ratio	9%	5%	2%				

■ Net sales down YoY and flat QoQ with sluggish shipments of glove latex and adhesive tape chemicals

■ Operating income down both YoY and QoQ due to increased SG&A for synthetic rubber and FME for chemicals

# Elastomer Business Operating Income Variance (QoQ)

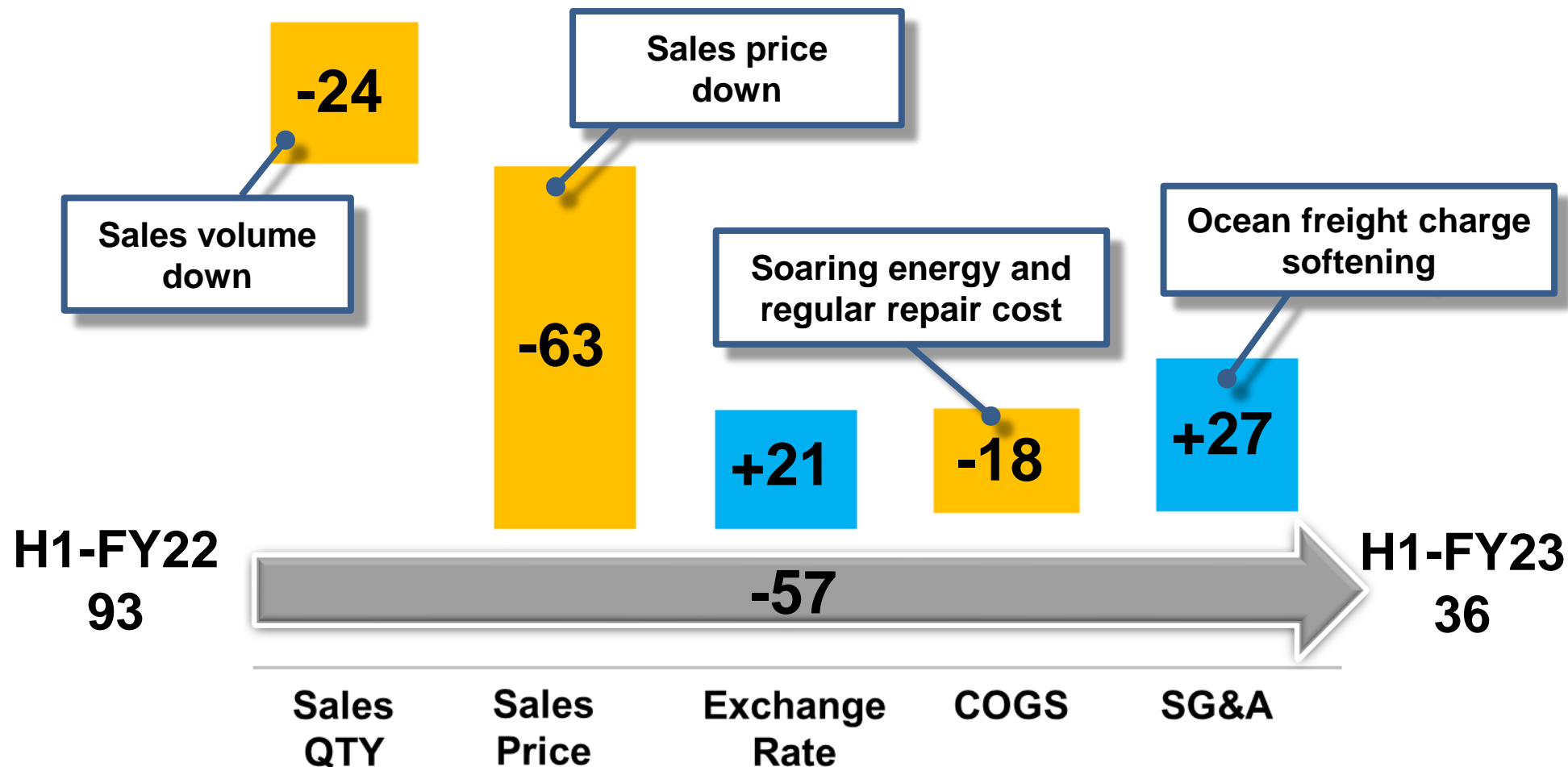
(Unit : 100m)



# Elastomer Business Operating Income Variance (YoY)

ZEON

(Unit : 100m)



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(Unit : 100m)

	Q2 FY2022	Q1 FY2023	Q2 FY2023	YoY	YoY(%)	QoQ	QoQ(%)
<b>Net Sales</b>	<b>265</b>	<b>252</b>	<b>262</b>	<b>-3</b>	<b>-1 %</b>	<b>10</b>	<b>4 %</b>
* Specialty plastics	151	156	163	11	7 %	7	4 %
* Specialty chemicals	102	84	89	-13	-13 %	5	6 %
Medical devices, etc.	11	12	10	-1	-10 %	-1	-13 %
<b>Operating Income</b>	<b>47</b>	<b>40</b>	<b>26</b>	<b>-21</b>	<b>-44 %</b>	<b>-14</b>	<b>-35 %</b>
Operating Income ratio	18%	16%	10%				

\* Specialty plastics : Optical plastics and optical films

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

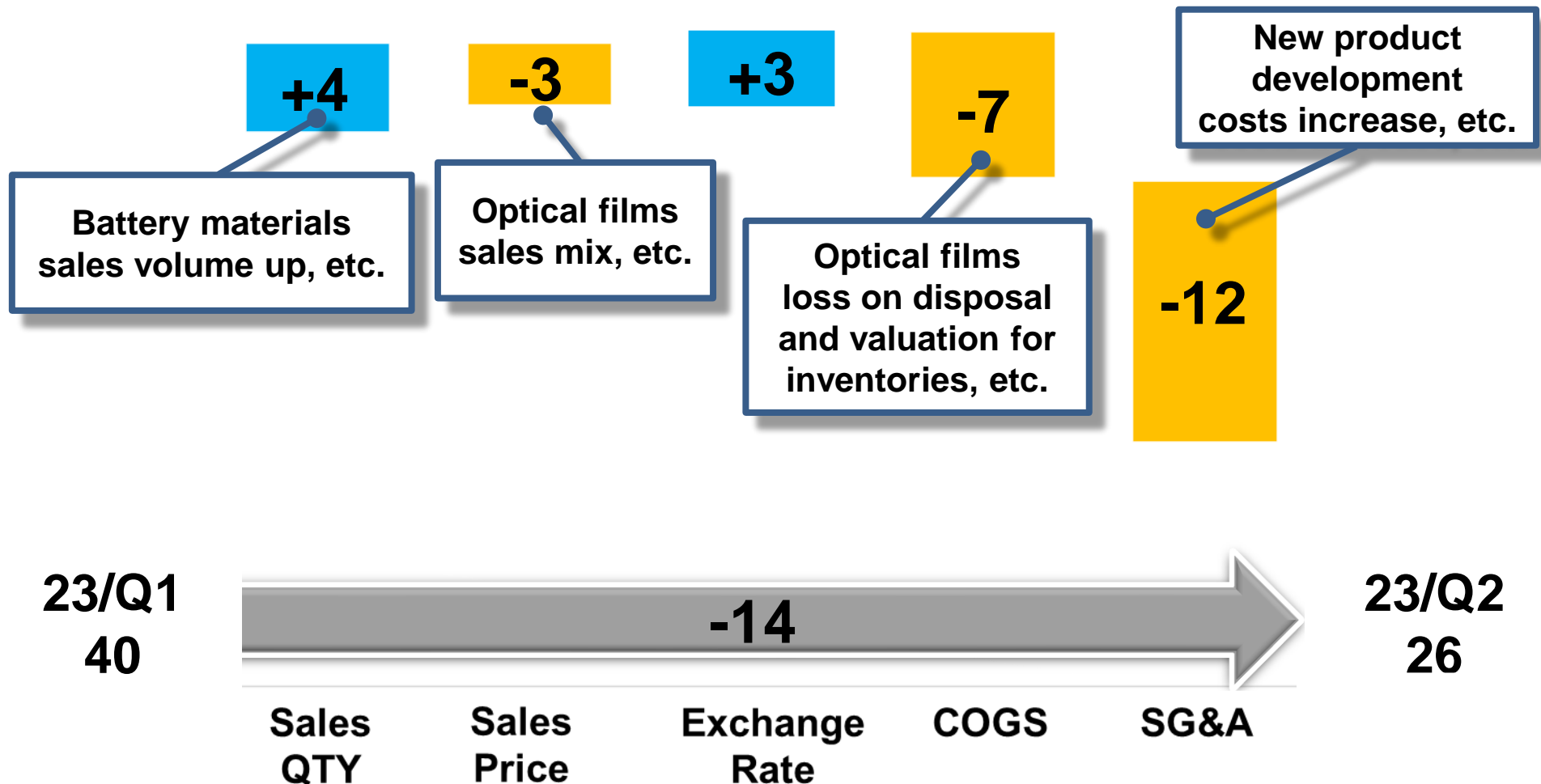
■ **Specialty plastics:** Sales up YoY and QoQ with recovery in shipments of large size films and optical plastics, while profits down both YoY and QoQ due to sluggish shipments of small to medium size films and plastics for medical use, etc.

■ **Specialty chemicals:** Sales and profits down YoY due to a consolidated period lag at overseas subsidiaries for battery materials, but both sales and profits up QoQ with recovery in customer utilization rates



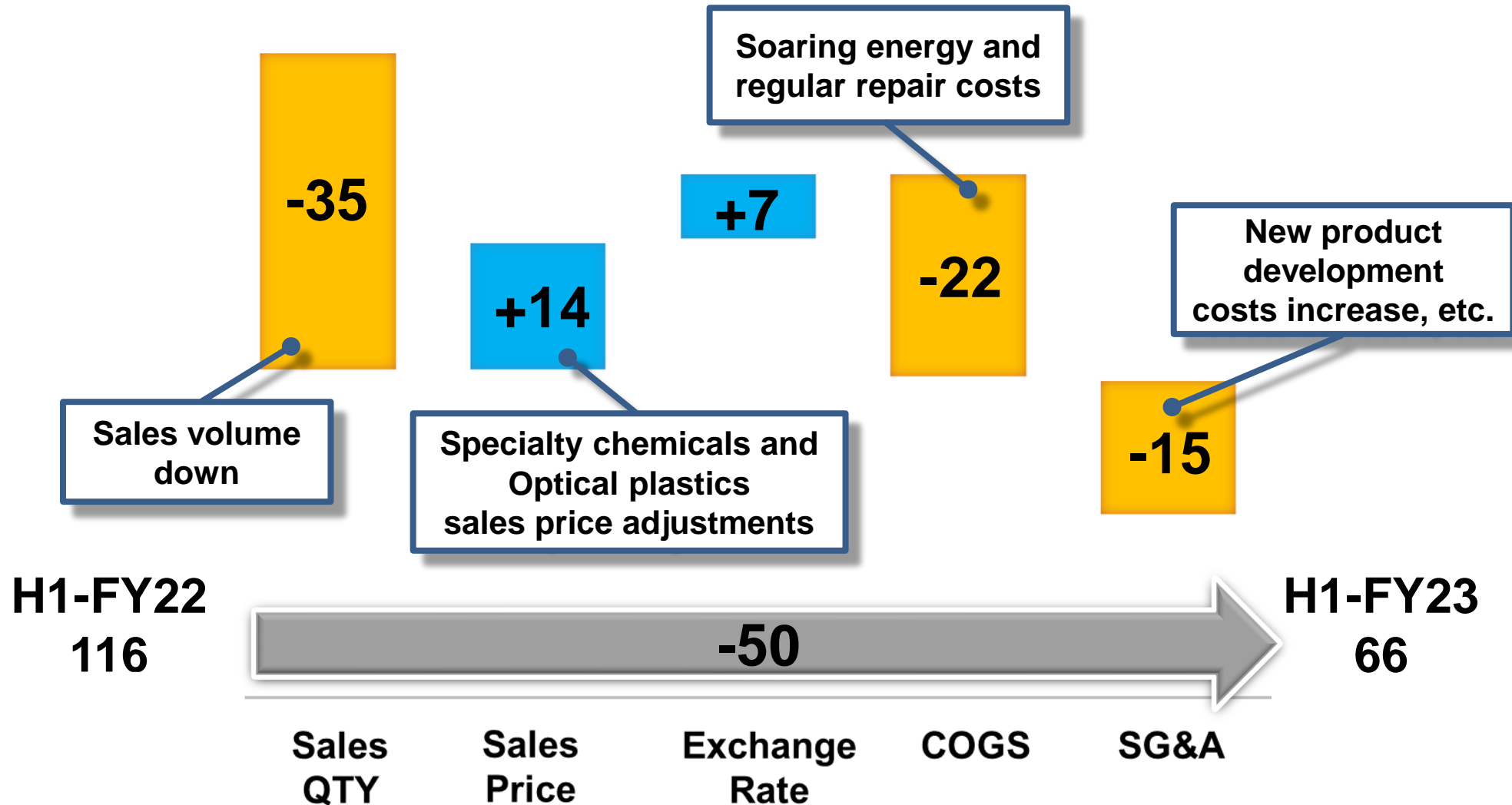
# Specialty Materials Operating Income Variance (QoQ)

(Unit : 100m)



# Specialty Materials Operating Income Variance (YoY)

(Unit : 100m)



	<b>YoY</b>	<b>QoQ</b>	<b>YoY Cumulative total</b>
<b>EV</b>	<b>122%</b>	<b>134%</b>	<b>96%</b>
<b>Consumer use, etc.</b>	<b>150%</b>	<b>107%</b>	<b>120%</b>
<b>Total</b>	<b>126%</b>	<b>129%</b>	<b>99%</b>

## ■ EV

Sales volume up YoY and QoQ with moderate recovery in customer utilization rates in China

## ■ Consumer use, etc.

Sales volume up YoY and QoQ for mobile devices with recovery from production adjustments by customers in China after bottoming out

	YoY	QoQ	YoY Cumulative total
Optical use	109%	134%	91%
Medical use, etc.	78%	84%	92%
Total	85%	94%	92%

## ■ Optical use

Sales volume up both YoY and QoQ with easing of inventory adjustments by some customers

Despite signs of a gradual recovery in demand, it is unclear whether it will continue

## ■ Medical use, etc.

Sales volume down YoY and QoQ due to shipment adjustments associated with regular repairs at Mizushima Plant, sluggishness of semiconductor market, and inventory adjustments by some customers

	YoY	QoQ	YoY Cumulative total
For small-to-medium size	73%	86%	73%
For Large size FPD	277%	104%	143%
Total	191%	101%	122%

■ **For small-to-medium size**

Sales volume down YoY and QoQ due to decreased production of tablets and laptops and delay in launch of new smartphone model production

■ **For Large size**

Sales volume up YoY and QoQ with recovery in demand from production adjustments by TV manufacturers starting from Q2 of FY2022

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(Unit : 100m)

## Total assets 5,357 (+128)

()=vs end of FY2022

[Current assets] -9.0B JPY  
 ◆Cash and deposits +3.6B JPY  
 ◆Accounts receivable -5.6B JPY  
 ◆Inventory assets -6.5B JPY

Current  
assets  
2,876  
(-90)

Fixed  
assets  
2,481  
(+218)

[Non-current assets] +21.8B JPY  
 ◆Property, plant and equipment +15.9B JPY  
 ◆Investment securities +4.0B JPY

Current  
liabilities  
1,535  
(-70)

Long-term liabilities 255 (+26)

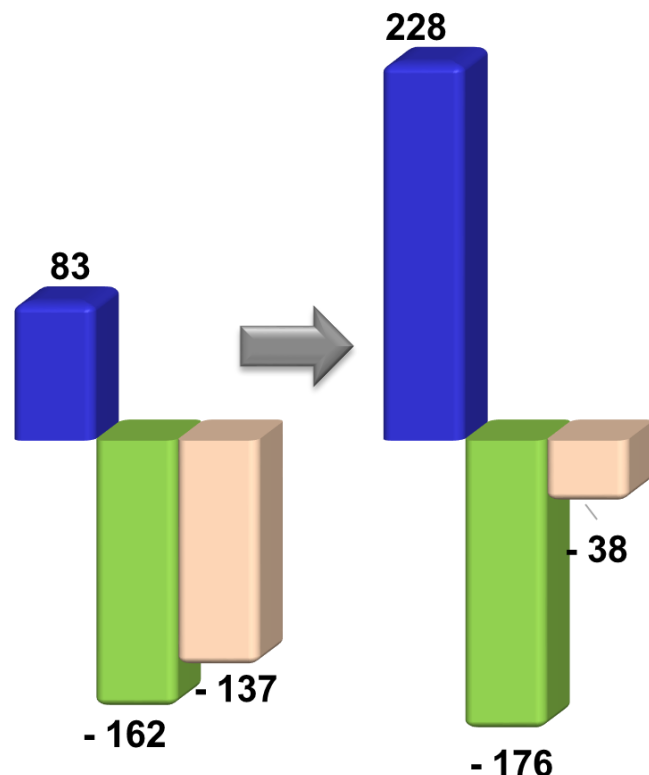
Total  
net  
assets  
3,566  
(+173)

[Current liabilities] -7.0B JPY  
 ◆Trade payables -14.4B JPY  
 ◆Other payables and accrued expenses, etc., +7.4B JPY

[Net assets] +17.3B JPY  
 ◆Equity ratio 66.0% (+1.7)  
 ◆D/E ratio 0.08 (+0.00)



(Unit : 100m)



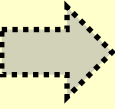
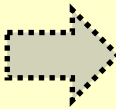


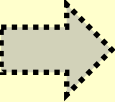
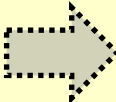


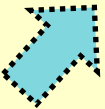
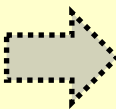
Q2  
FY2022Q2  
FY2023

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



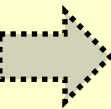
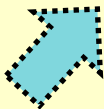


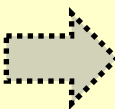
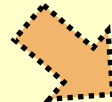


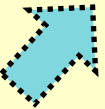
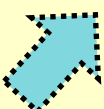
	H1 FY2022	H1 FY2023
CF from Operating Act.	83	228
CF from Investing Act.	-162	-176
<b>Free CF</b>	<b>-79</b>	<b>52</b>
CF from Financing Act.	-137	-38
<b>CF</b>	<b>-216</b>	<b>14</b>

<b>[CF from Operating Act.]</b>	<b>+14.5B JPY</b>
◆ Income before income taxes	-9.0B JPY
◆ Allowances	-4.1B JPY
◆ Sale of investment securities	-2.8B JPY
◆ Working capital	+15.8B JPY
◆ Taxes	+3.6B JPY
◆ Others	+11.0B JPY
<b>[CF from Financing Act.]</b>	<b>+9.9B JPY</b>
◆ Borrowing・CP	-2.9B JPY
◆ Redemption of corporate bonds	+10.0B JPY
◆ Dividends	-1.1B JPY
◆ Share buyback and cancellation	+4.0B JPY

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Elastomer Business (Unit: JPY100m)	H1		H2		H2 Business environment
	Sales	OP. Income	Sales FCST	OP. Income FCST	
	1,047	36	1,063	33	
Synthetic rubbers					Affected by the sluggish Chinese economy
Latexes					Demand for gloves on par with H1 Improve business structural reforms
Chemicals					Sales volume up, but softly

※Arrows in H1 show the performance against the forecast released on Jul. 27, 2023.  
Arrows in H2 show our outlook in H2 against H1 as of Oct.27, 2023

		H1		H2		
Specialty Materials Business  (Unit: JPY100m)		Sales	OP. Income	Sales FCST	OP. Income FCST	H2 Business environment
		514	66	546	78	
	Optical plastics					Affected by shipment adjustments by some customers mainly for medical use, etc. and sluggishness of semiconductor market
	Optical films					Revised production plan due to a lull in shut-in demand for tables and laptops
	Battery materials					Recovering more slowly than initially expected, but continue

※Arrows in H1 show the performance against the forecast released on Jul. 27, 2023.

Arrows in H2 show our outlook in H2 against H1 as of Oct.27, 2023

(Unit : 100m)

## Net Sales

	H2 FCST (as of 4/26)	H2 FCST (as of 10/27)	FY2023 FCST (as of 7/27)	FY2023 FCST (as of 10/27)	H2 FCST Diff.	FY2023 FCST Diff.
Elastomer Business	1,135	1,063	2,170	2,110	-72	-60
Specialty Materials Biz.	615	546	1,130	1,060	-69	-70
Others/Eliminations, etc.	340	337	640	630	-3	-10
<b>Net Sales</b>	<b>2,090</b>	<b>1,946</b>	<b>3,940</b>	<b>3,800</b>	<b>-144</b>	<b>-140</b>

## Operating Income

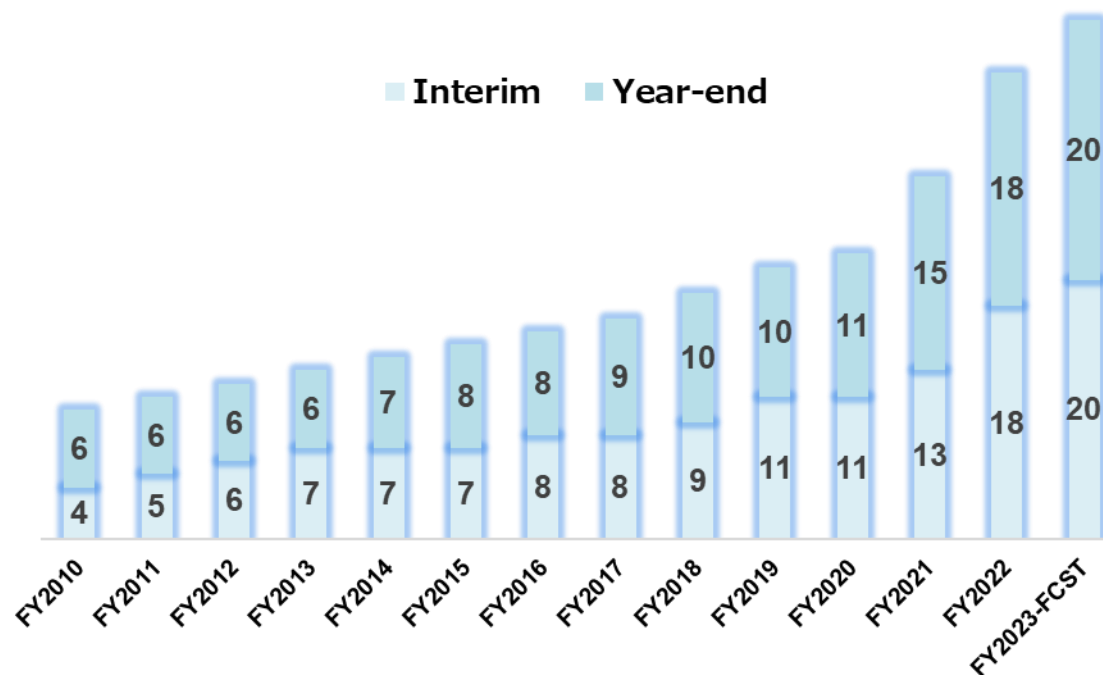
	H2 FCST (as of 4/26)	H2 FCST (as of 10/27)	FY2023 FCST (as of 7/27)	FY2023 FCST (as of 10/27)	H2 FCST Diff.	FY2023 FCST Diff.
Elastomer Business	48	33	86	69	-15	-17
Specialty Materials Biz.	100	78	180	144	-22	-36
Others/Eliminations, etc.	17	-0	9	-8	-17	-17
<b>Operating Income</b>	<b>165</b>	<b>110</b>	<b>275</b>	<b>205</b>	<b>-55</b>	<b>-70</b>

■ FY2023 forecast for net sales revised to 380.0B JPY and operating income to 20.5B JPY  
H2 assumptions: US\$=¥140, €=¥150, Naphtha=¥63,000, Asian butadiene=US\$800

## 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.

(Unit: JPY)



■ Leave as it is from original dividend forecast- Interim ¥20/share, at the year-end ¥20/share ⇒ total ¥40/share/year (Dividend payout ratio expected to be 31%.)

■ +¥4 YoY making 14 consecutive years of increases since FY2010

## Next Announcement of Financial Statements

<b>The 3<sup>rd</sup> quarter of FY2023</b>	<b>January. 31st, 2024</b>
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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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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.



Q2 FY2023 (vs. Q1 FY2023)				
Business	Sales Volume	Sales	OP. income	Difference
Synthetic rubbers				<ul style="list-style-type: none"> <li>• Sales flat due to sales price down reflecting raw material price down</li> <li>• Profits down due to overseas subsidiaries regular maintenance cost and reversal of loss on disposal and valuation for inventories in Q1</li> </ul>
Latexes				<ul style="list-style-type: none"> <li>• Demand for gloves on par with FY2022</li> <li>• Profits up owing to reflecting raw material price down</li> </ul>
Chemicals				<ul style="list-style-type: none"> <li>• Sales up owing to mix</li> <li>• Profits down due to sales price down towards recovery of sales volume and reversal of loss on disposal and valuation for inventories in Q1</li> </ul>

	Q2 FY2023 (vs. Q1 FY2023)					
Business	Sales volume	Consolidated		Non Consolidated Non revenue recognition criteria adjustment		Difference
		Sales	OP. income	Sales	OP. income	
Optical plastics						• Sales up owing to mix • Sales volume down for medical use, etc. and increase in FME due to decreased production for regular maintenance.
Optical films						• Sales up owing to sales volume up for large size films • Profits down due to sales volume down for small to medium size films
Battery materials						• Sales and profits up owing to sales volume up

## Positives

**Early recovery in  
end market demand**

**Depreciation of the yen**

**Early completion of inventory  
adjustments**

**Yen depreciation/dollar  
appreciation**

**Economic recovery**

**Yen depreciation/euro  
appreciation**

## Negatives

**Delay recovery in  
end market demand**

**Appreciation of the yen**

**Prolong completion of inventory  
adjustments**

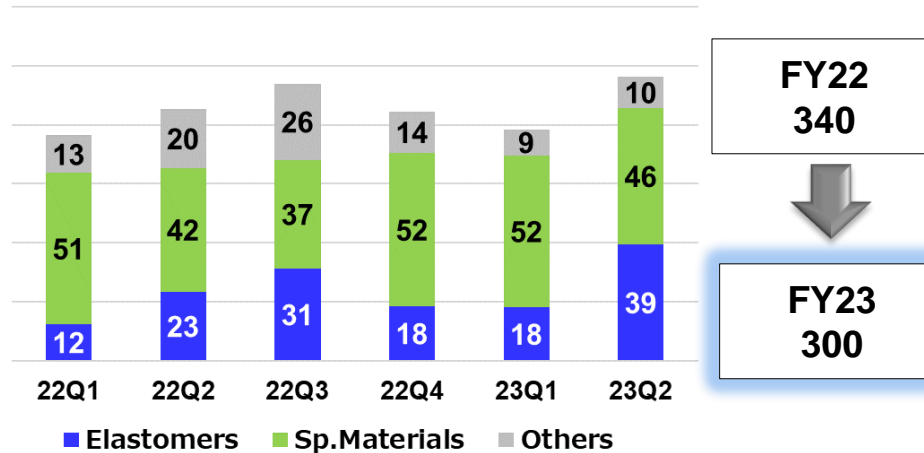
**Yen appreciation/dollar  
depreciation**

**Economic recession**

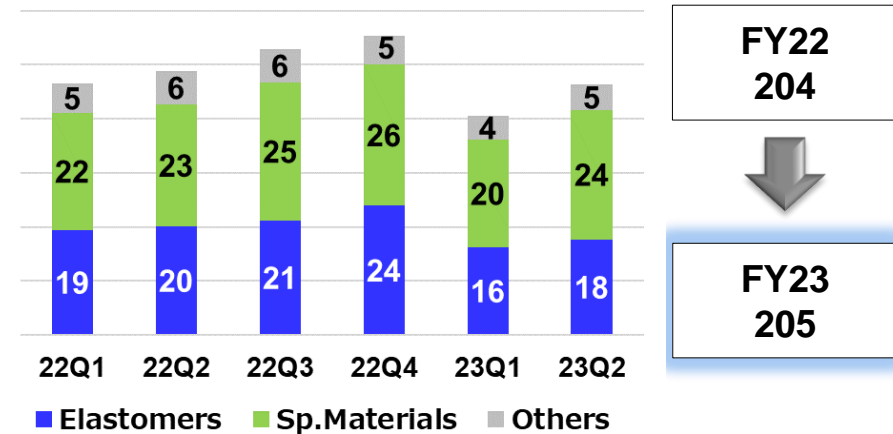
**Yen appreciation/euro  
depreciation**

(Unit : JPY100m)

[Capital Expenditures]



[Depreciation & Amrtization]



[R&D Expenses]

