

# Financial Results

## The 1st Quarter of FY2021

(Apr. 1- Jun. 30)



July 30, 2021

**ZEON CORPORATION**

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**(Trends in Exchange Rates and Prices of Raw Materials)**

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## [Summary]

- ◆ Overall, both Elastomers and Specialty Materials were steady. In Q1, both net sales and operating income were up YoY and QoQ.
- ◆ COVID-19 did not impact procurement or production.

## [Elastomer Business Overview]

- ◆ Demand was steady, but some shipments were delayed due to a shortage of export containers.
- ◆ Operating income fell short of the previous quarter due to rising prices of raw materials and a substantial increase in ocean freight charges.

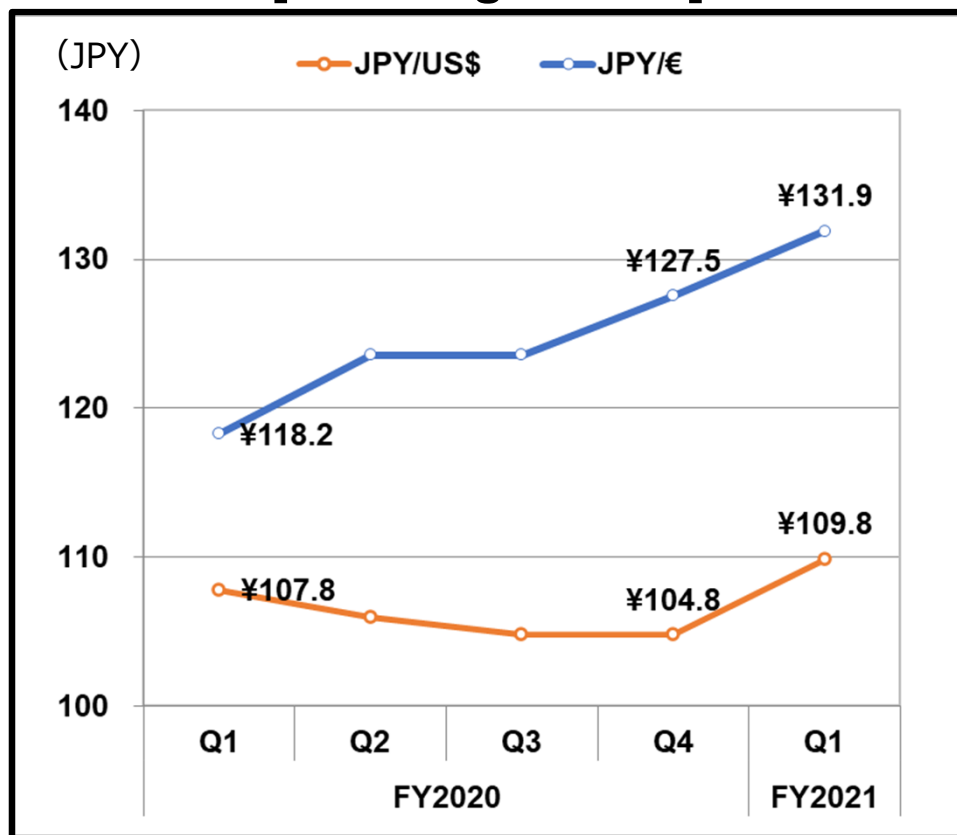
## [Specialty Materials Business Overview]

- ◆ Demand was steady for battery materials, optical films, and other materials.
- ◆ Operating income was up over the previous quarter owing to sales volume raise of the battery materials and postponement of experimental production associated with optical films.

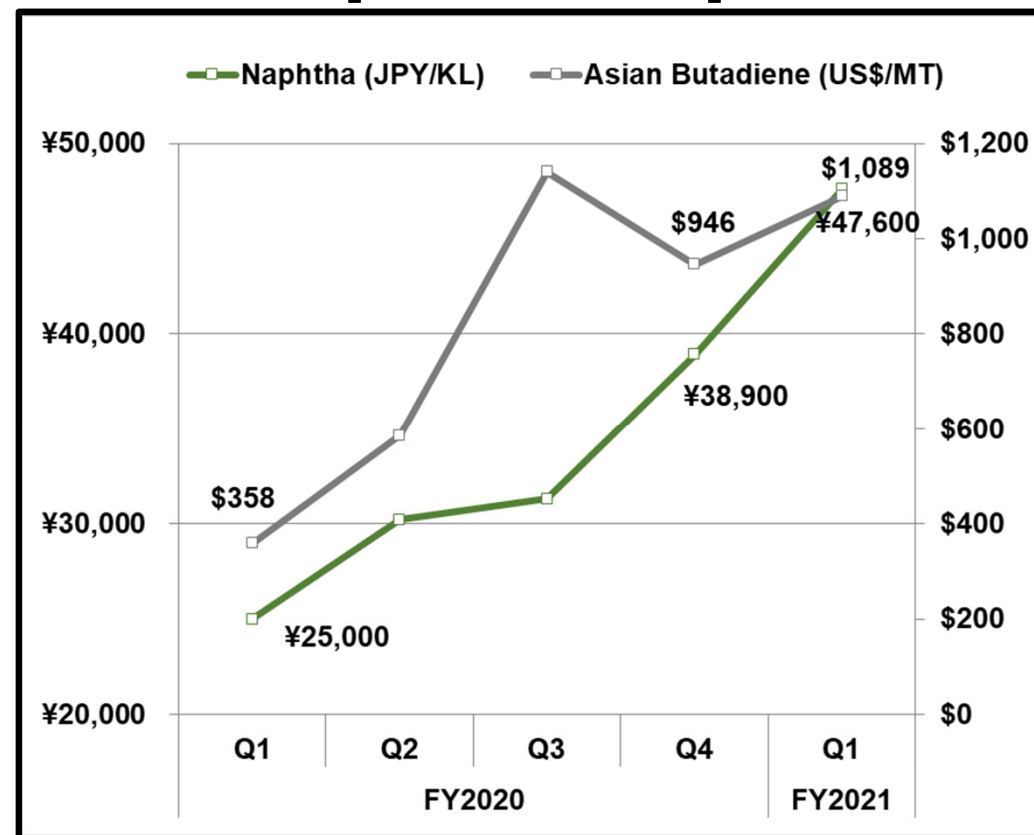
# Q1 FY2021 Business Environment

## (Trends in Exchange Rates and Prices of Raw Materials)

### [Exchange Rates]



### [Raw Materials]



	Q1-FY2020	Q4-FY2020	Q1-FY2021	YoY	QoQ
JPY/US\$	¥107.8	¥104.8	¥109.8	+2%	+5%
JPY/€	¥118.2	¥127.5	¥131.9	+12%	+3%
Naphtha (JPY/KL)	¥25,000	¥38,900	¥47,600	+90%	+22%
Asian Butadiene (JPY/MT)	\$358	\$946	\$1,089	+204%	+15%

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# Q1 FY 2021 Performance Summary (Overall)

(Unit : JPY100m)

	Q1 FY2020	Q4 FY2020	Q1 FY2021	YoY	QoQ
<b>Net Sales</b>	<b>695</b>	<b>857</b>	<b>872</b>	<b>+177</b>	<b>+15</b>
<b>Operating Income</b>	<b>43</b>	<b>123</b>	<b>139</b>	<b>+96</b>	<b>+15</b>
<b>Ordinary Income</b>	<b>51</b>	<b>157</b>	<b>148</b>	<b>+98</b>	<b>-9</b>
<b>Net Income</b>	<b>36</b>	<b>103</b>	<b>101</b>	<b>+65</b>	<b>-2</b>

- YoY: Net sales +17.7B JPY, operating income +9.6B JPY
- QoQ: Net sales +1.5B JPY, operating income +1.5B JPY

\* Results at overseas subsidiaries from January to March 2021 are consolidated in Q1.

# Q1 FY 2021 Performance Summary (By Segment)

(Unit : JPY100m)

<b>Net Sales</b>	<b>Q1 FY2020</b>	<b>Q4 FY2020</b>	<b>Q1 FY2021</b>	<b>YoY</b>	<b>QoQ</b>
Elastomer Business	371	472	487	+116	+15
Specialty Materials Biz.	223	253	252	+28	-1
Others/Eliminations, etc.	106	132	133	+27	+1
Net sales (consolidated)	695	857	872	+177	+15

<b>Operating Income</b>	<b>Q1 FY2020</b>	<b>Q4 FY2020</b>	<b>Q1 FY2021</b>	<b>YoY</b>	<b>QoQ</b>
Elastomer Business	-1	70	61	+62	-9
Specialty Materials Biz.	48	56	78	+29	+21
Others/Eliminations, etc.	2	-3	0	-2	+3
Op. Income (consolidated)	43	123	139	+96	+15

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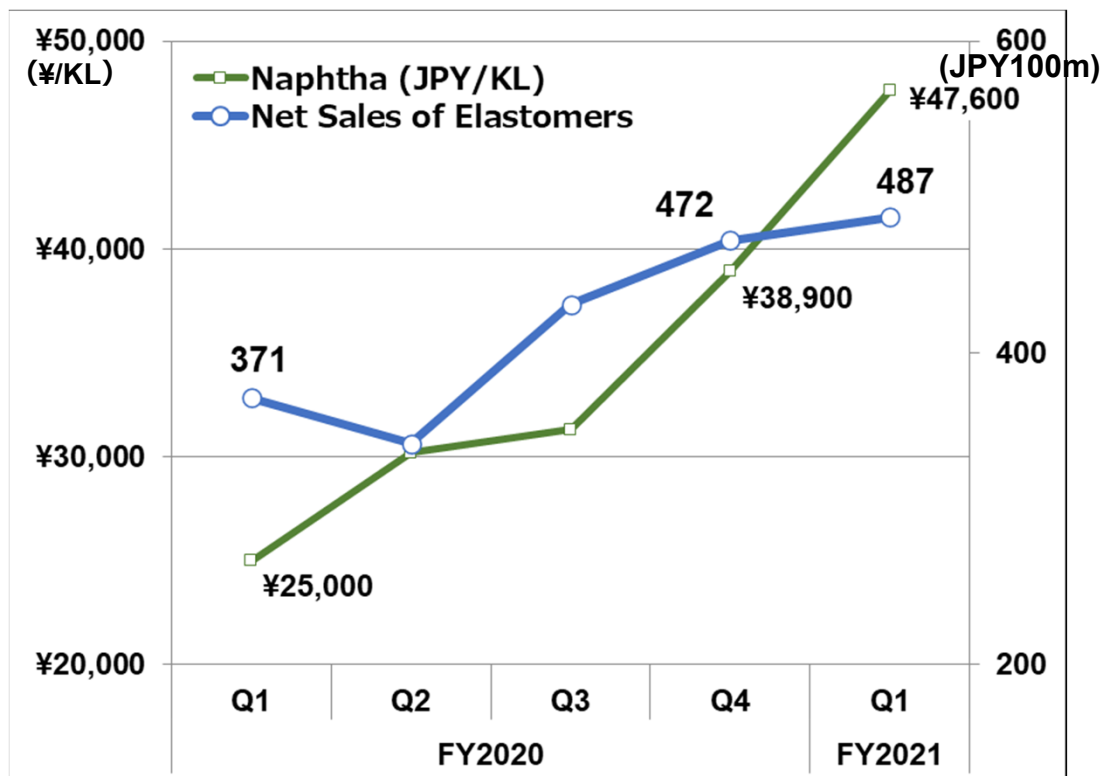
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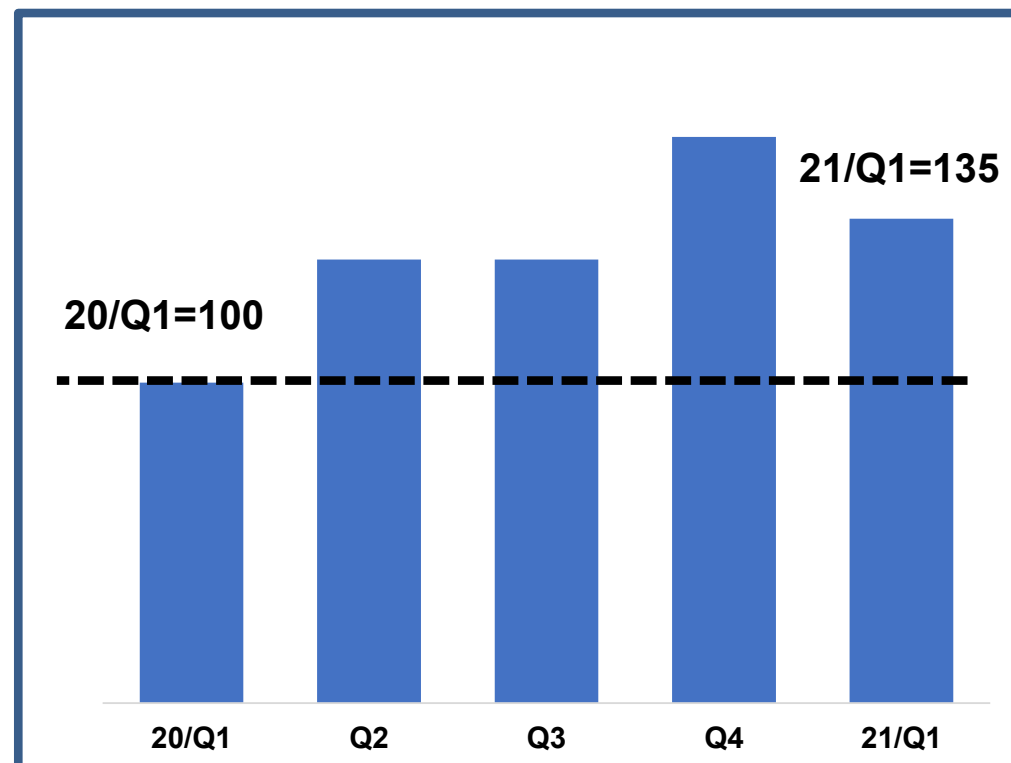
P.22 1H FY2021 Performance Forecast



## [Naphtha Price vs. Elastomers Net Sales]



## [Synthetic Rubbers Sales Volume]



- Net sales up owing to price adjustment associated with increase in price of raw materials
- Demand for synthetic rubbers were steady, but some shipments delayed due to shortage of export containers

# Elastomer Business Profit and Loss

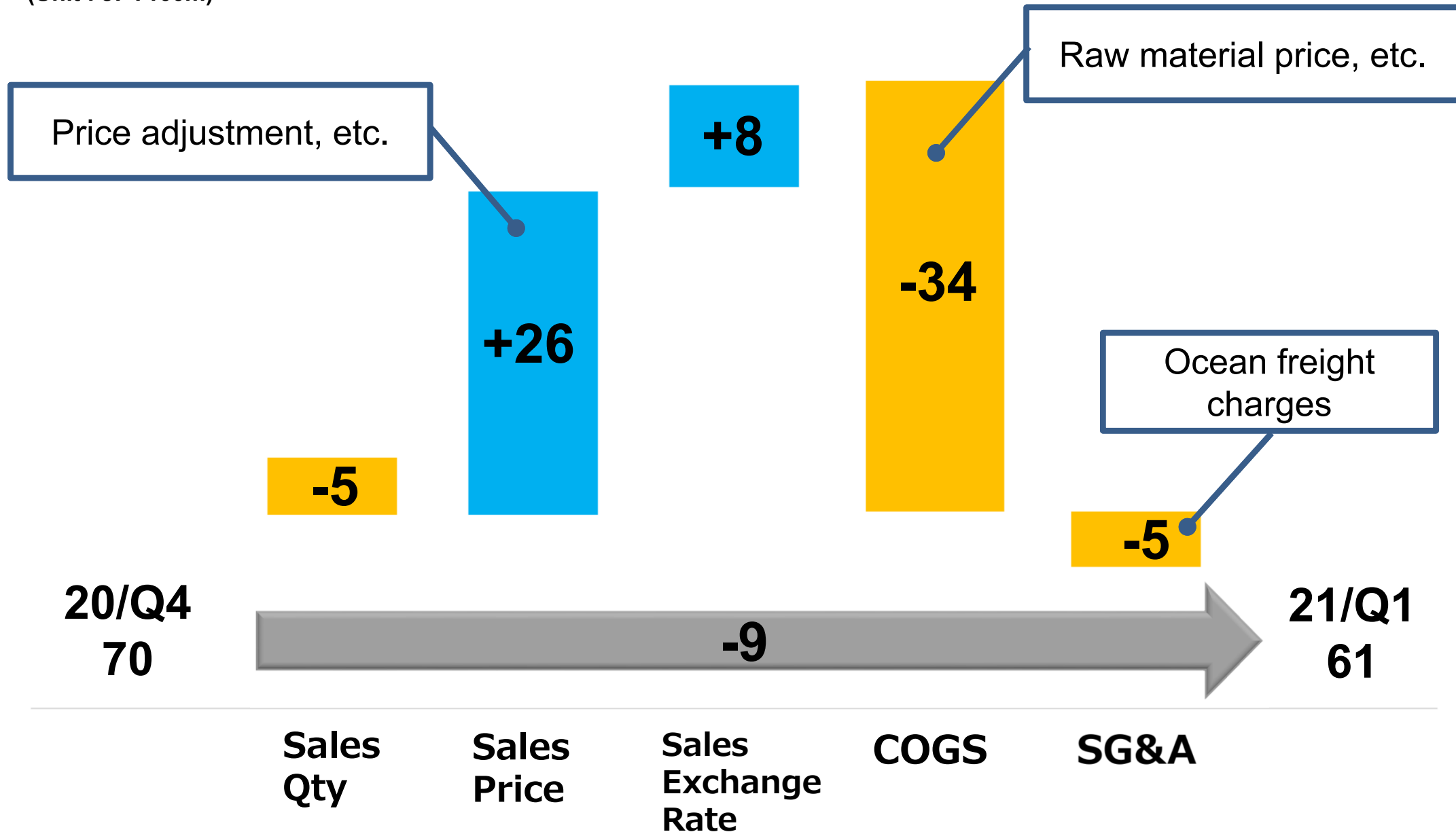
(Unit : JPY100m)

	Q1-2020	Q4-2020	Q1-2021	YoY	YoY (%)	QoQ	QoQ
Sales volume (Q1-2020=100)	100	132	120	20 pt	20 %	-12 pt	-9 %
Synthetic Rubbers	100	153	135	35 pt	35 %	-17 pt	-11 %
Latexes	100	108	123	23 pt	23 %	15 pt	14 %
Chemicals	100	115	90	-10 pt	-10 %	-25 pt	-22 %
Net sales	371	472	487	116	31 %	15	3 %
Synthetic Rubbers	245	319	308	63	26 %	-11	-4 %
Latexes	33	51	76	44	135 %	25	49 %
Chemicals	81	88	95	14	17 %	7	8 %
Others/Eliminations	13	14	8	-5	-36 %	-6	-40 %
Operating income	-1	70	61	62	---	-9	-13 %
Operating income ratio	0%	15%	12%				

- Sales volume: YoY decrease due to shortage of export containers
- Net sales: Sales up with price formula associated with raw materials and price adjustment
- Operating income: Down due to increase in price of raw materials and ocean freight charges

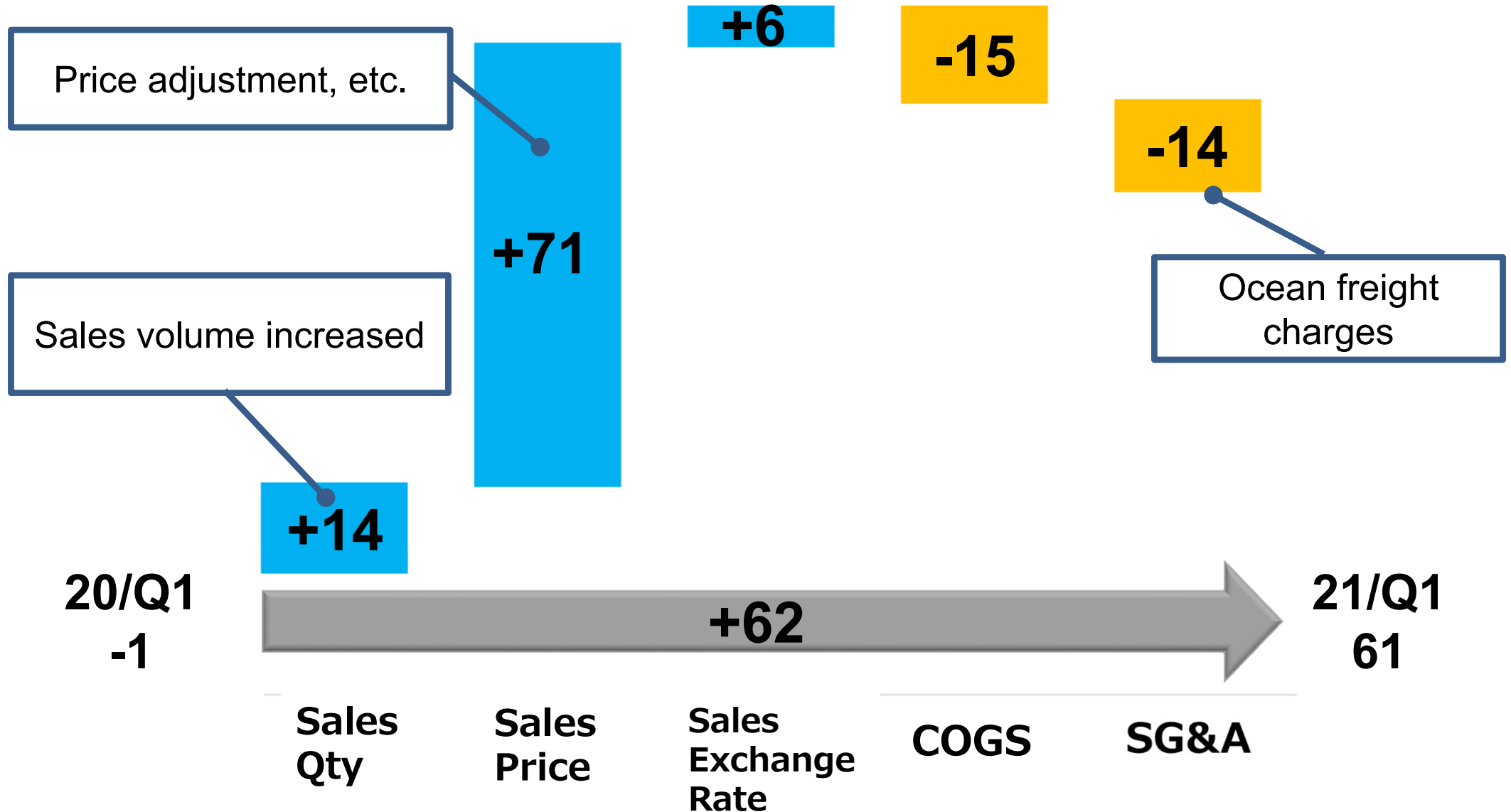
# Elastomer Business Operating Income Variance (QoQ)

(Unit : JPY100m)



# Elastomer Business Operating Income Variance (YoY)

(Unit : JPY100m)



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# Specialty Materials Business Profit and Loss

(Unit : JPY100m)

	Q1-2020	Q4-2020	Q1-2021	YoY	YoY (%)	QoQ	QoQ (%)
Net sales	223	253	252	28	13 %	-1	0 %
Specialty plastics	141	159	156	15	11 %	-3	-2 %
Specialty chemicals	70	81	83	12	18 %	1	2 %
Medical devices, etc.	12	12	13	1	7 %	1	7 %
Operating income	48	56	78	29	61 %	21	38 %
Operating income ratio	22%	22%	31%				

- Net sales

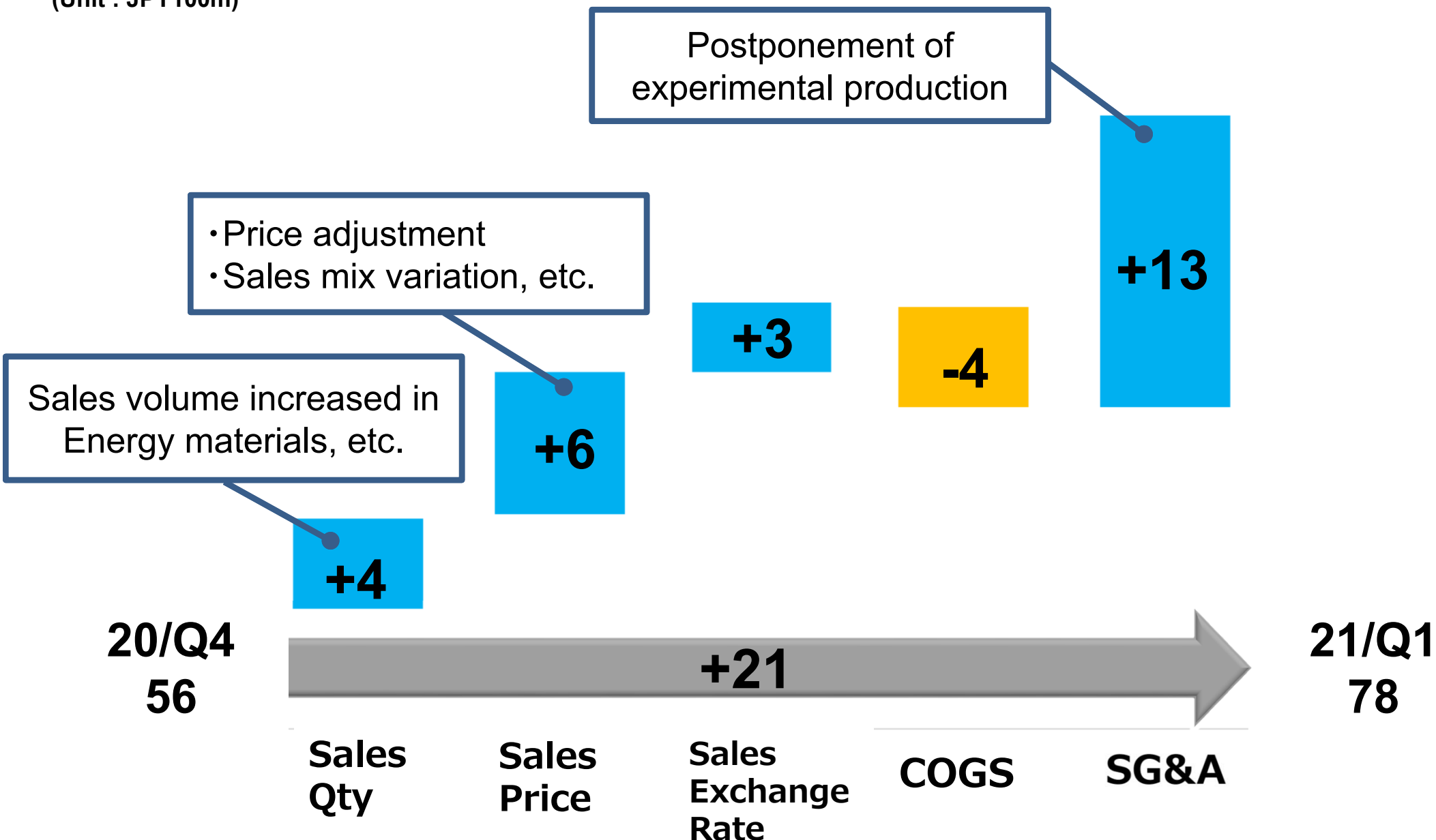
Both specialty plastics and specialty chemicals roughly same as previous quarter

- Operating income

Up QoQ owing to sales volume raise of the battery materials and postponement of experimental production associated with optical films

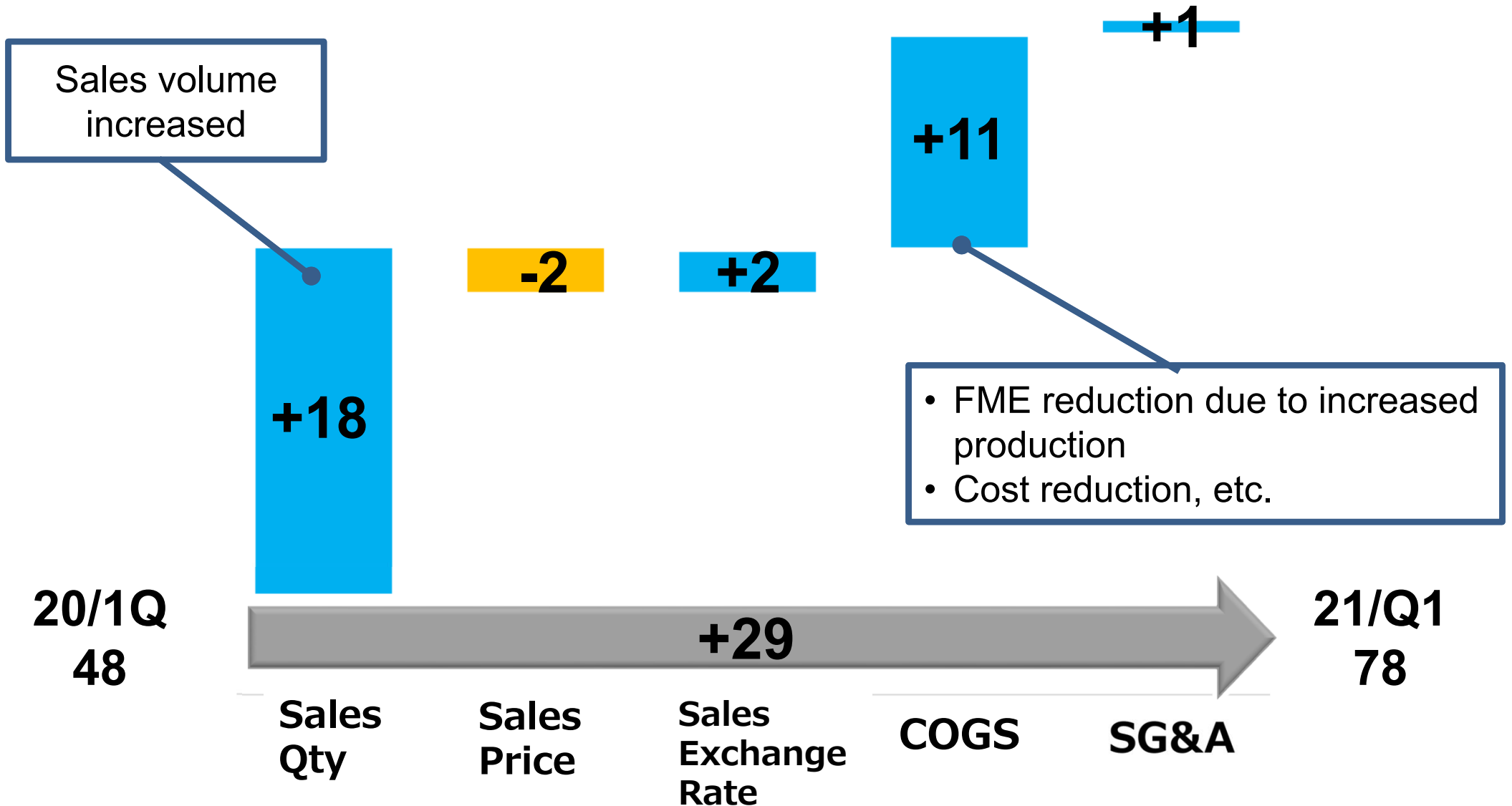
# Specialty Materials Operating Income Variance (QoQ)

(Unit : JPY100m)



# Specialty Materials Operating Income Variance (YoY)

(Unit : JPY100m)





	YoY	QoQ
EV	195%	123%
Consumer use, etc.	118%	126%
Total	166%	123%

■ EV

Sales to Europe, USA, and China were steady

■ Consumer use, etc.

Sales for home appliances, etc. were steady

Sales for mobile devices recovered

Sales for industrial use (ESS) were steady

	YoY	QoQ
Optical use	98%	130%
Medical use, etc.	86%	91%
Total	90%	101%

Steady demand for both optical use and medical use, but sales volume controlled in preparation for capacity enhancement construction to be completed in July and regular inspection period

	YoY	QoQ
For small-to-medium size	118%	99%
For large size FPD	115%	104%
Total	115%	103%

Steady demand for both small-to-medium size and large size

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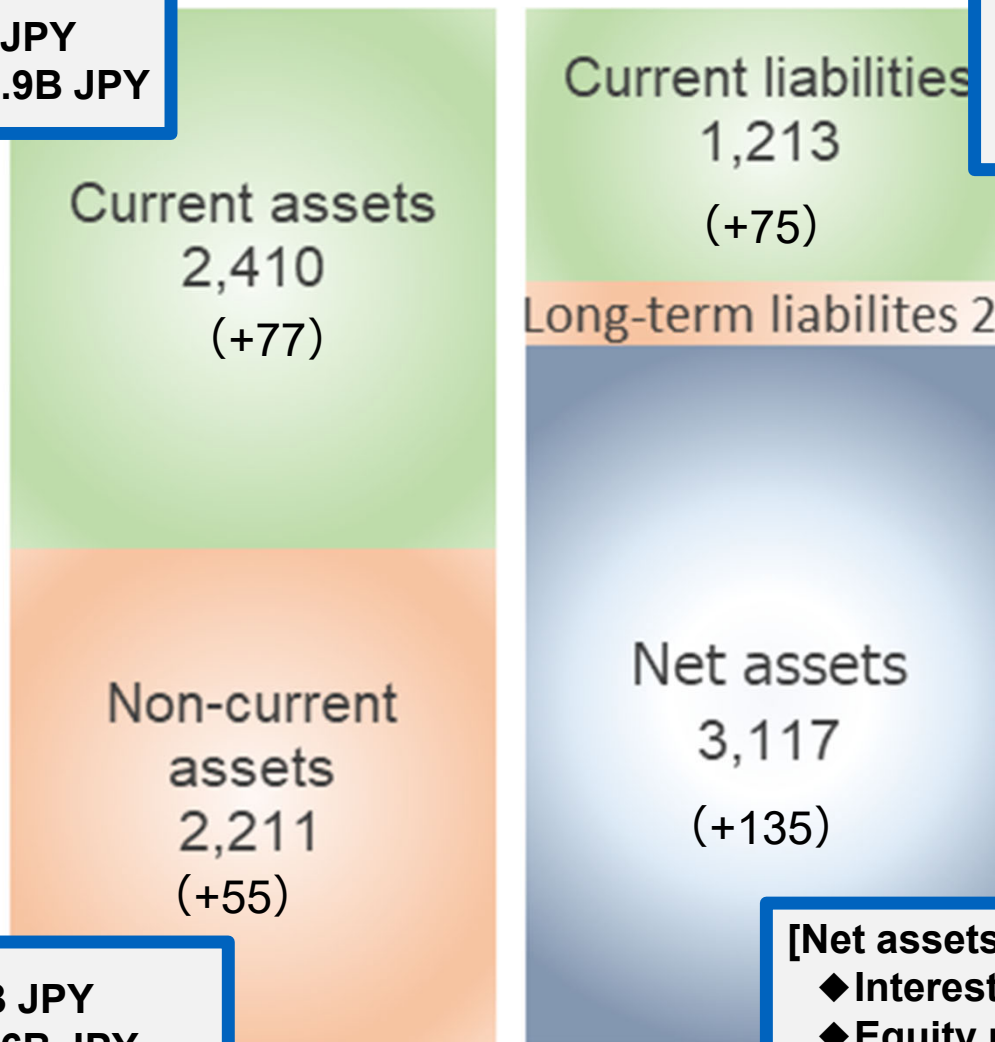
(Unit : JPY100m)

( )=Vs. end of FY2020

# Total assets 4,621 (+133)

**[Current assets] +7.7B JPY**  
 ◆ Inventory assets +5.1B JPY  
 ◆ Accounts receivable +2.9B JPY

**[Current liabilities] +7.5B JPY**  
 Reclassification of corporate bonds from long-term to short-term +10.0B JPY

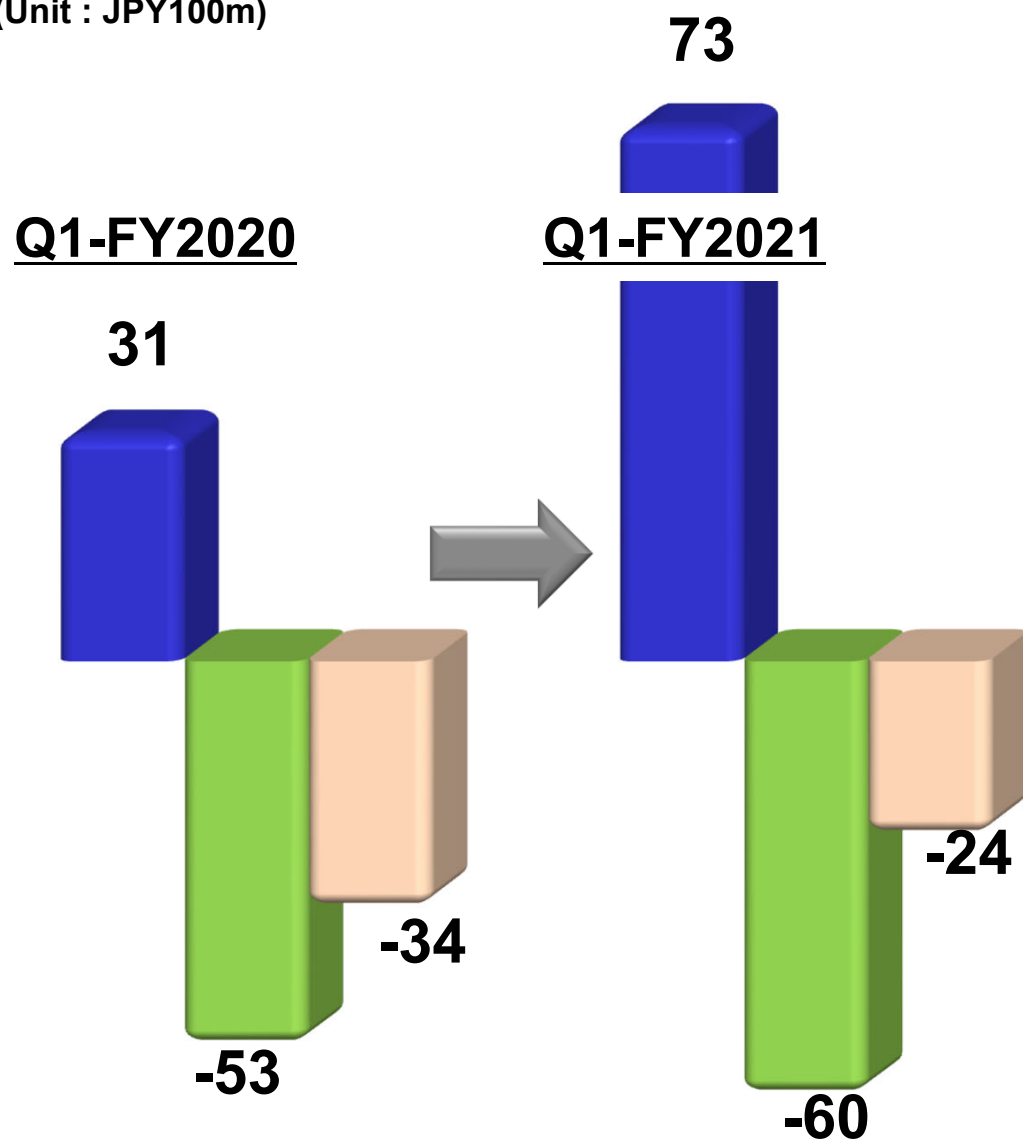


**[Non-current assets] +5.5B JPY**  
 Investment securities +3.6B JPY

Reclassification of corporate bonds from long-term to short-term -10.0B JPY

**[Net assets] +13.5B JPY**  
 ◆ Interest-bearing debt 19.0B JPY (+/- 0)  
 ◆ Equity ratio 66.8% (+1.0)  
 ◆ D/E ratio 0.06 (+/- 0)

(Unit : JPY100m)



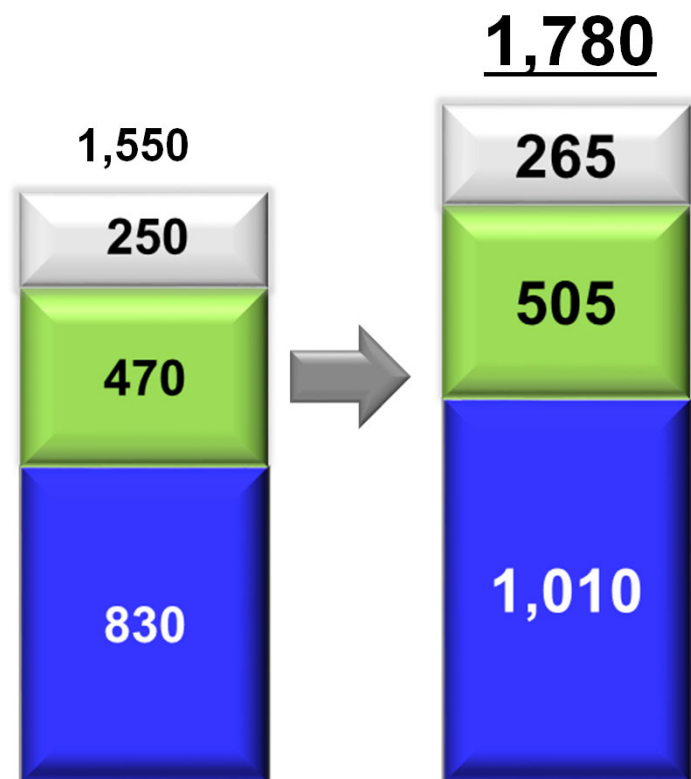
	Q1 FY2020	Q1 FY2021
CF from Operating Act.	31	73
CF from Investing Act.	-53	-60
Free CF	-22	12
CF from Financing Act.	-34	-24
CF	-56	-12

■ CF from Operating Act.    ■ CF from Investing Act.  
■ CF from Financing Act.

# Revision to 1H FY2021 Forecast

(Unit : JPY100m)

## 【Net Sales】

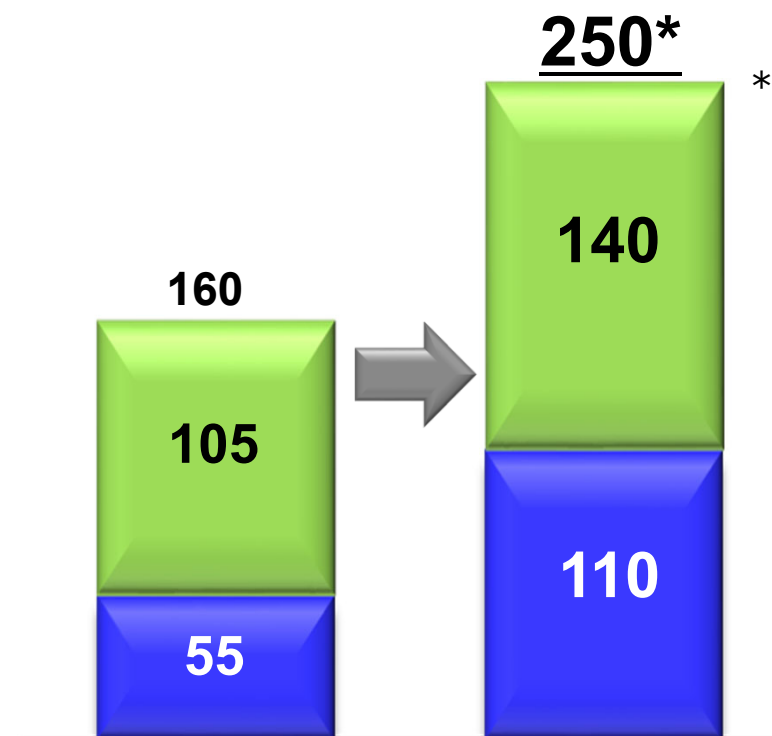


Forecast in April 2021

Revised forecast

■ Elastomers ■ Sp. Materials ■ Others/Elim.

## 【Operating income】



Forecast in April 2021

Revised forecast

■ Elastomers ■ Sp. Materials

\* Includes Others and eliminations

- Forecast for 1H net sales and operating income revised to 178.0B JPY and 25.0B JPY, respectively (US\$=¥110, €=¥131)
- 2H forecast left as-is (under scrutiny)

# Reference: Revision of forecast for the FY2021

Unit : JPY100m

\*JPY

## ● Revision of first half forecast (From April 1 to September 30, 2021) (consolidated)

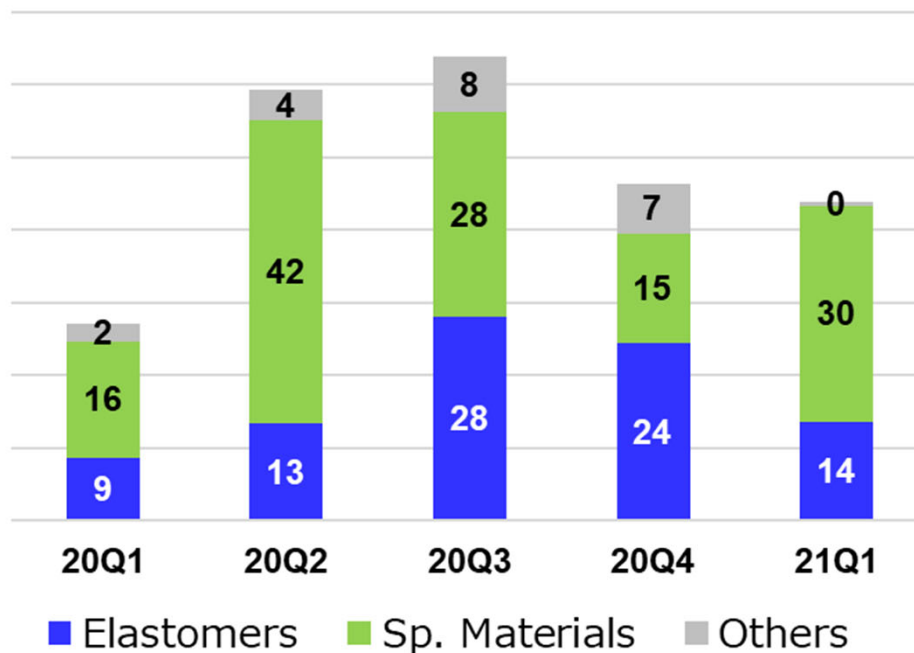
	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share*
Previous Forecast (A)	155,000	16,000	17,000	12,000	54.86
Revised Forecast (B)	178,000	25,000	26,500	18,500	84.58
Changes in amount (B – A)	23,000	9,000	9,500	6,500	
Changes in rate ( % )	14.8	56.3	55.9	54.2	
(Ref.) First half of FY2020 (Year ending March 2021)	137,415	9,913	10,939	8,182	37.42

## ● Revision of full-year forecast (From April 1, 2021 to March 31, 2022) (consolidated)

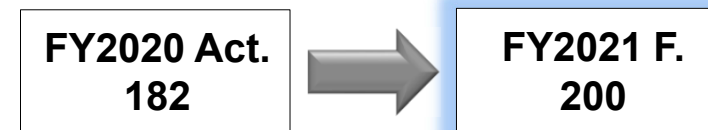
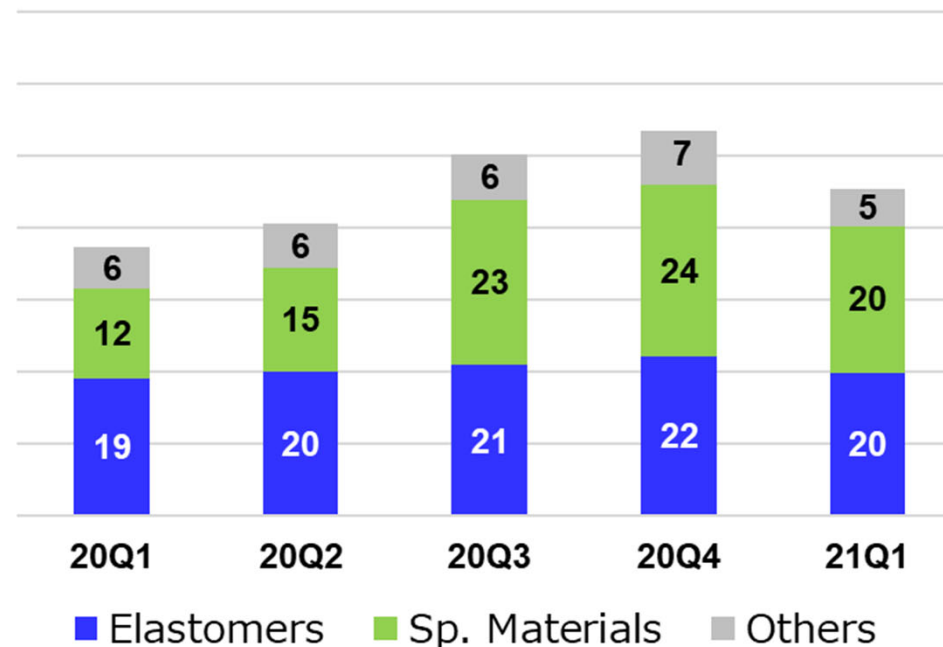
	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share*
Previous Forecast (A)	310,000	33,000	35,000	25,000	114.29
Revised Forecast (B)	333,000	42,000	44,500	31,500	144.01
Changes in amount (B – A)	23,000	9,000	9,500	6,500	
Changes in rate ( % )	7.4	27.3	27.1	26.0	
(Ref.) Year ending March 2021 (Full year)	301,961	33,408	38,668	27,716	126.74



### [Capital Expenditures]



### [Depreciation & Amortization]



## Next Announcement of Financial Statements

<b>The 2<sup>nd</sup> quarter of FY2021</b>	<b>Oct. 29<sup>th</sup> , 2021</b>
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Subject to change without notice

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