

Zeon Corporation
FY2024
Meeting Minutes from Results Briefing for Analysts
(April 25, 2025)

[Briefing Materials]

<https://www.zeon.co.jp/en/ir/financial/bs/pdf/250425.pdf>

[Explanations]

p.3

Regarding the impact on the FY2025 performance forecast, only the assumptions for exchange rates and the prices of key raw materials have been incorporated, while the direct impact of U.S. tariff increases and the indirect impact of the economic recession have not been factored in.

The issue with one production line at the Mizushima Plant's COP plant, which was halted for approximately three months in Q3 of FY2024, was resolved within the fiscal year. While this will be a factor for profit growth YoY, it is not expected to fully offset the decline in operating income caused by exchange rates and raw material prices.

Regarding shareholder returns for FY2025, the decision to repurchase up to 10 million shares / 10B JPY in treasury stock has been disclosed today as timely disclosure.

p.5

What we want to convey on this page is that the past capacity enhancements have been contributing effectively to our performance. The trend toward larger screen sizes in LCD TVs is expected to accelerate further, and we are confident that this investment in capacity enhancement will bring significant added value to our company.

p.6

This is a topic related to binders for the anode of lithium-ion batteries.

A joint venture will be established with 51% ownership from Zhuhai Chenyu New Material Technology Co., Ltd. and 49% from our wholly owned subsidiary. The joint venture will receive product supply from Zhuhai Chenyu New Material Technology Co., Ltd. and sell the products in the domestic Chinese market. We will grant Zhuhai Chenyu New Material Technology Co., Ltd. a technology license for the anode binder.

We aim to expand the anode binder business in the domestic Chinese market by integrating the sales channels of Shanghai Energy, the No.1 separator market player in China, with Zeon's anode binder technology and Zhuhai Chenyu New Material Technology Co., Ltd. 's manufacturing cost competitiveness.

p.8

Exchange rates moved QoQ, with the yen depreciating against the US dollar and appreciating against the euro. The prices of key raw materials, Naphtha and Asian butadiene, both increased gradually QoQ.

p.11

The main factor behind the upside in the Specialty Materials Business was the steady shipment of optical films. The impact of subsidy policies in China on large size films was more substantial than expected, while production of small to medium size films for new smartphone models started earlier than anticipated, and demand for tablet devices remained strong.

The main factors behind the upside in the Elastomer Business were the depreciation of the yen and the increase in raw material prices. In Q4, the exchange rate was 154.1 yen to the US dollar, weaker than the forecast of 150 yen. Additionally, the price of Asian butadiene showed a downward trend, falling from \$1,532 in Q2 to \$1,306 in Q3. As a result, the forecast for Q4 was \$1,200, but the actual price was \$1,398. The performance forecast incorporated a decline in sales prices in response to lower raw material costs, but the impact was limited.

p.13

The sub-segment classifications will be revised starting from this time.

The performance for the past two years, based on the new classifications, is included in the reference materials on the following pages.

The purpose of changing the classifications is to deepen everyone's understanding of the growth potential of high-value-added products.

p.15

Starting from this time, semiconductor use will be classified separately.

In addition, while we previously reported changes in non-consolidated sales volumes, we will now present consolidated sales and trends in the sales of our products to provide a clearer understanding of the consolidated situation.

For medical use, etc., there was a large-scale inventory adjustment by some customers in Q3. Shipments resumed as scheduled in Q4, but the market has not yet fully recovered YoY.

p.18

With the revision of the sub-segment classifications, we will also provide an update on the status of specialty chemicals and electronic materials starting from this time.

Specialty chemicals and electronic materials can be broadly divided into two categories: semiconductor/medical use and fragrances.

Semiconductor and medical use includes specialty solvents and etching gases used in semiconductor manufacturing processes, among others.

Aromatic chemical use involves synthetic aromatic chemicals used in flavors and fragrances, among others. Although the market was in a correction phase in FY2024, a gradual recovery was observed in Q4.

p.24

Current assets increased due to higher inventory levels driven by rising raw material prices, stockpiling before regular maintenance at the Singapore site, and securing inventory for a certain period due to production halts by suppliers. However, a decrease in cash and deposits from the purchase of treasury shares led to a total decrease of 2.8B JPY.

p.27

The impact of U.S. tariff measures is incorporated only in the changes in exchange rates and key raw material prices. While the direct impact on our exports to the U.S. is expected to be limited, we will continue to monitor indirect effects resulting from changes in demand trends. If a significant impact on performance is identified, we will promptly disclose it.

p.28

The table below shows the impact of exchange rate fluctuations on the FY2025 operating income forecast.

The FY2025 operating income forecast is 28B JPY, but assuming exchange rates remain at levels similar to those in FY2024, the estimate would be 32.5B JPY. An increase in operating income of 3.2B JPY has been incorporated due to a change in depreciation methods. However, even without this change, operating income would be 29.3B JPY, similar to FY2024.

Please understand that there has been no change in the competitive advantage of our business.

-END-