

Zeon Corporation
First Quarter of FY2025
Meeting Minutes from Results Briefing for Analysts
(July 30, 2025)

[Briefing Materials]

<https://www.zeon.co.jp/en/ir/financial/bs/pdf/250730.pdf>

[Explanations]

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Operating income for Q1 rose significantly due to improved unit FME from higher production volume on increased shipments, and a reduced burden of headquarters expenses, which had been concentrated in Q4 FY2024.

Because Q1 performance exceeded expectations, we reviewed our outlook based on the latest business environment and have upwardly revised our forecasts for both H1 and the full fiscal year.

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In the revised full-year forecast for FY2025, the impact of U.S. tariff increases has been factored in, based on the same assumptions for foreign exchange rates and raw material prices as the initial forecast. We also revised our sales figures to reflect the current business environment, and those revisions incorporate some of the expected impact from the tariff hikes.

As we stated in the previous financial results briefing, the effect on operating income is expected to be less than 10%, and that view has not changed.

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On June 27, 2025, we reorganized our structure, transferring the Chemicals Business from the Chemicals Business Division under the Elastomers and Chemicals Business Headquarters to the Specialty Materials Division under the Specialty Business Headquarters. The C5 business includes COP and optical films, which are positioned as growth drivers in the Medium Term Business Plan, along with chemicals that are considered next-generation growth drivers. By integrating businesses that share C5 as a raw material, we will position the Chemicals Business to support the high profitability of our growth businesses and aim to maximize the overall profitability of the C5 business.

In addition, the Toner Business, which was previously managed by the Chemicals Business Division, has been transferred to the Elastomer Division.

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Although the Mizushima Plant, our primary production site for specialty plastics, entered regular maintenance in May, we ramped up operations beforehand to secure inventory and adjusted shipments accordingly. Operating income rose thanks to increased shipments of large size films and COP for medical use, etc., along with improved FME resulting from the high production levels before the maintenance.

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While there have been reports of production adjustments by panel manufacturers in the large size segment, our shipments remained steady as customers worked to restore inventories that had declined due to China's subsidy policy.

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Shipments for ESS and consumer use, etc. increased, driven by subsidy programs in China and the United States.

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Operating income for chemicals rose due to price adjustments, high production levels at the Mizushima Plant prior to regular maintenance, and improved FME stemming from better operating performance in Thailand.

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Current assets decreased by 29.8B JPY due to the securitization of receivables, lower receivable balances reflecting falling raw material prices, and inventory drawdowns associated with regular maintenance at the Mizushima Plant.

Non-current assets increased by 0.8B JPY, driven by the mark-to-market valuation of investment securities.

Meanwhile, current liabilities declined by 27.8B JPY due to reduced raw material purchases during maintenance at the Mizushima Plant and payments related to capital investments, which lowered accounts payable and accrued expenses.

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In Q1, operating and free cash flows increased due to higher working capital. Financing cash flow declined as a result of reduced borrowing and other funding activities.

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We revised the exchange rate outlook to reflect yen depreciation, which will have a positive effect on operating income versus the initial forecast. While the U.S. tariffs are not expected to have a major financial impact, we have factored them into the sales outlook, resulting in what will be a negative effect.

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By segment, for specialty materials, we revised our forecast upward for H1 and downward for H2, resulting in an overall upward revision for the full fiscal year. In elastomers, we left the net sales forecast for H1 unchanged while revising operating income upward and revising the H2 forecast downward. As a result, full-year net sales were revised downward, but operating income was revised upward.

Assumptions for foreign exchange rates were updated to reflect further yen depreciation, while raw material prices remain unchanged. There is no change from the previously announced forecast regarding the impact of exchange rates on operating income.

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