

Zeon Corporation
Third Quarters of FY2025
Meeting Minutes from Results Briefing for Analysts
(January 30, 2026)

[Briefing Materials]

<https://www.zeon.co.jp/en/ir/financial/bs/pdf/260130.pdf>

[Explanations]

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As of today, the full-year performance forecast has been revised upward.

Net sales have been revised downward, reflecting the assumption that raw material prices for elastomer products declined through the third quarter and will remain at a low level in the fourth quarter.

Operating income has been revised upward, supported by steady shipments of battery materials and optical films.

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Cumulative results through the third quarter were lower YoY in net sales and higher in operating income.

On a quarterly basis, net sales were flat QoQ, while operating income increased.

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The yen depreciated against both the US dollar and the euro on a YoY and QoQ basis.

Regarding main raw material prices, naphtha declined YoY and rose slightly QoQ.

Asian butadiene declined both YoY and QoQ; however, it has recently entered an upward trend and is currently at US\$1,250/MT.

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For medical use and other applications, inventory adjustments at certain customers were completed, resulting in a significant increase in shipments. Although shipments were concentrated in December, revenue recognition will occur from the fourth quarter onward due to delivery timing extending beyond the fiscal year-end.

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For large-size TVs, shipments increased both YoY and QoQ, supported by expanded market share and the completion of production adjustments by panel manufacturers.

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For synthetic aromatic chemicals, shipments increased QoQ; however, a full-scale recovery is expected to require additional time.

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Current assets decreased by 18.3B JPY, reflecting improvements in the cash conversion cycle and the drawdown of inventory accumulated ahead of the regular inspection at the Mizushima Plant.

Non-current assets increased by 34.8B JPY, primarily due to an increase in property, plant and equipment associated with construction costs for the new COP plant, partially offset by the sale of investment securities and changes in their fair value.

Current liabilities increased by 11.0B JPY. Although commercial paper repayments reduced the balance, this was more than offset by the recognition of accounts payable and other liabilities related to construction costs for the new COP plant.

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In the third quarter, operating cash flow and free cash flow increased due to an increase in working capital.

Cash flow from financing activities decreased as funding activities declined.

The breakdown of changes in cash flow is as shown in the materials.

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The reasons for the revisions are as follows.

In the Specialty Materials Business, the forecast was revised upward, reflecting steady demand for optical films and battery materials.

In the Elastomer Business, net sales were revised downward based on the assumption that the Asian butadiene price would be US\$875/MT in the third quarter and US\$950/MT in the fourth quarter. However, operating income was revised upward, as the yen depreciated in the third quarter and the fourth-quarter exchange rate assumption was also revised further toward yen depreciation.

From the third quarter to the fourth quarter, operating income is expected to decline. The underlying assumptions are explained on the next page.

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This slide shows the factors behind changes in operating income from the third quarter to the fourth quarter. The factors are explained from left to right.

In the fourth quarter, shipments of synthetic rubbers are expected to decline due to seasonal factors. Small- to medium-size films also enter an in-between season in the fourth quarter. As a result, a decline in operating income in the fourth quarter is the typical trend.

For COP, a positive impact is expected from shipments made in December that will be recognized in earnings from January onward.

Regarding selling prices, the forecast incorporates the delayed impact of lower selling prices reflecting the low Asian butadiene prices in the third quarter, as well as the impact of selling some inventory produced when raw material prices had bottomed out. Exchange rates are assumed to move further toward yen depreciation compared with the third quarter and are expected to provide an uplift to profit.

For fixed costs, a deterioration in fixed cost per unit is factored in, reflecting production adjustments in response to lower shipment volumes.

The loss on disposal and valuation for inventories is expected to increase at the period-end.

Indirect department expenses are expected to increase in the fourth quarter due to higher inspection and acceptance, which is the typical trend.

Based on these factors, the fourth-quarter operating income forecast has been formulated.

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