

Zeon Corporation
First Quarter of FY2026
Meeting Minutes from Results Briefing for Analysts
(July 29, 2026)

[Briefing Materials]

<https://www.zeon.co.jp/en/ir/financial/bs/pdf/260729.pdf>

[Explanations]

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For the Elastomer Business, the main raw material for synthetic rubber is C4. Although sales volume in the Elastomer Business declined, net sales were on par with the same period of the previous year due to higher selling prices. In addition, operating income increased as relatively low-cost inventories of products and butadiene held at the end of FY2025 were sold.

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Crude oil prices temporarily exceeded 100 USD but have recently fallen to around 80 USD, indicating significant price volatility. We expect these fluctuations to affect our main raw materials as well, and we will closely monitor their impact going forward.

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Naphtha prices rose sharply along with crude oil prices from March following the closure of the Strait of Hormuz. Our estimate for naphtha in Q1 FY2026 is 119,300 JPY, up approximately 80% YoY and 82% QoQ.

Asian butadiene prices temporarily reached around 2,500 USD before subsequently settling down. Our estimate for the Q1 average is 1,747 USD, approximately 60% higher YoY.

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The main factor behind the significant QoQ increase in operating income for specialty plastics was the reversal of valuation loss for inventories for optical films in Q1. Operating income for specialty binder materials also increased both YoY and QoQ due to increased shipments of battery materials.

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For optical use, demand for smartphones and mobile devices was sluggish due to the memory shortage, but some customer shipments were brought forward to Q1 due to the closure of the Strait of Hormuz. Demand for automotive and security camera applications was relatively firm, so we expect full-year shipments for optical use overall to be on par with the previous fiscal year.

For semiconductor use, shipments were down QoQ due to a large shipment in the previous quarter, but demand remains very strong this fiscal year and is expected to remain firm.

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For films for small-to-medium size, shipments were sluggish both YoY and QoQ, and we expect this trend to continue throughout FY2026. For films for large size, demand remained firm overall due to an increase in our share of the largesize TV market.

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For EVs, one factor behind the increase in our shipments was higher EV sales in the European market, particularly following the resumption of EV subsidy policies in Germany, France, and other European countries. Meanwhile, although domestic demand for EVs in China declined, exports of Chinese-made EVs increased due to the closure of the Strait of Hormuz. As a result, our binder shipments increased overall.

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Previously, the Elastomer Business was presented in three categories: synthetic rubbers, latexes, and chemicals. Starting this time, latexes and chemicals are included under “Others/Eliminations.” This is because the production line for latexes for gloves at the Tokuyama Plant was shut down in March, while the Chemicals division was abolished and the business was repositioned as a base business supporting the overall C5 business. This change is intended to provide a clearer picture of the Synthetic Rubbers business.

For Synthetic Rubbers, net sales were flat YoY despite an approximately 20% decrease in sales volume. In other words, higher selling prices offset the decrease in sales volume.

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For general-purpose rubbers, shipments decreased because lower Naphtha cracker operating rates prevented us from procuring the full volume of main raw materials we needed, so we adjusted production to match raw material procurement. In addition, in preparation for regular maintenance at the Tokuyama Plant scheduled from September through November this year, we have been limiting spot export shipments since early April to make effective use of our main raw materials.

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Inventory assets increased by 6.7B JPY, mainly due to higher raw material prices. The increase was attributable more to higher prices than to higher volume.

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CF from operating activities decreased due to higher tax payments than in the previous fiscal year.

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