

Medium-Term Business Plan FY2021-FY2022

Building the Foundation for Realizing Vision for 2030

ZEON

ZEON CORPORATION

Kimiaki Tanaka

President and CEO

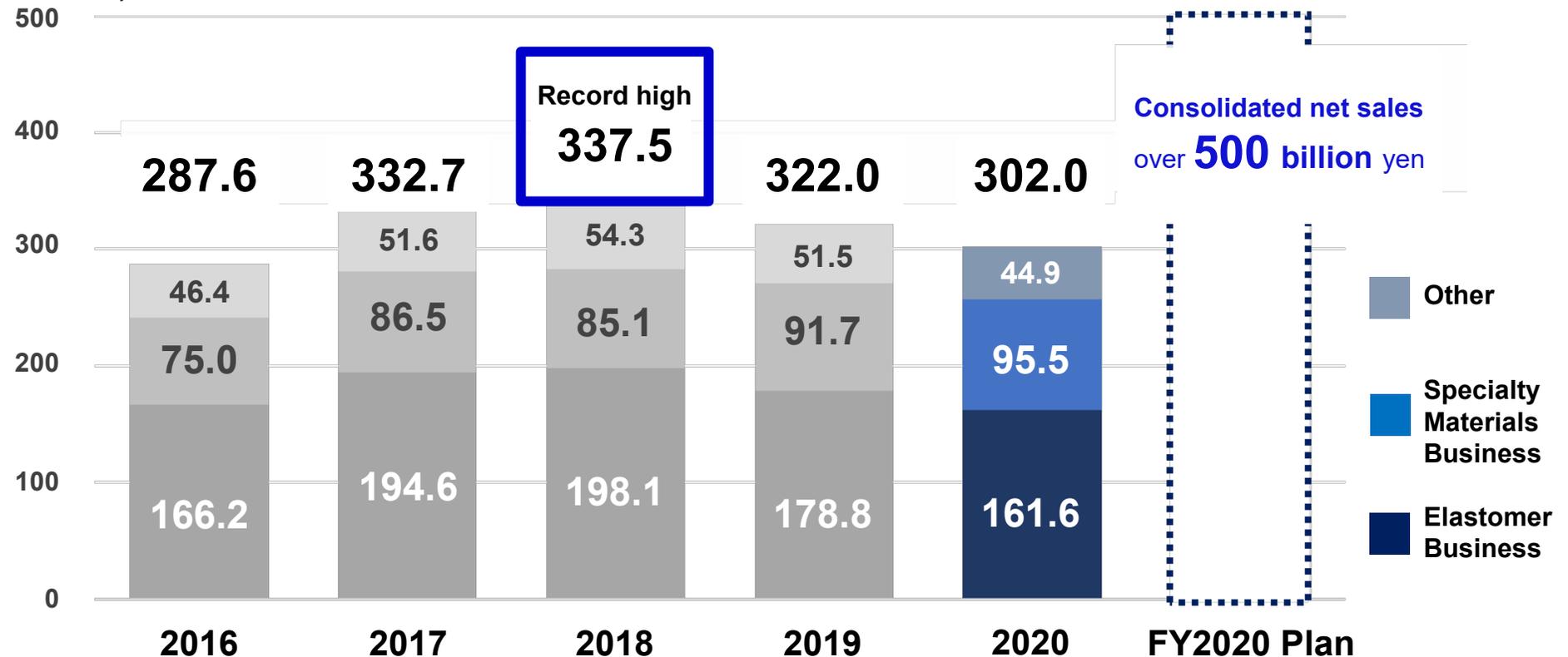
April 28, 2021

- I. Results of SZ-20 Phase III**
- II. Overview of the New Medium-Term Business Plan**
- III. Strategies and Targets for 2030**
 - Strategy 1**
 - Strategy 2**
 - Strategy 3**
- IV. Financial Targets for 2030 and Shareholder Returns**

Fell short of achieving the consolidated net sales target of exceeding 500 billion yen

- **Elastomers:** Affected by a stagnant global economy due to U.S.-China trade friction and the spread of COVID-19
- **Specialty materials:** Steady in optical plastics, optical films, and battery materials

(JPY billion)



Corporate Philosophy
= Mission

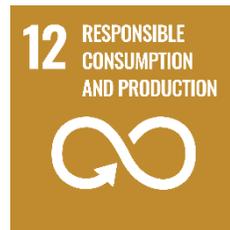
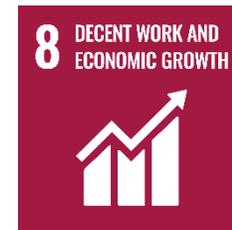
Contributing to the preservation of the Earth and
the prosperity of the human race

In keeping with its name, derived from the Greek words “geo” (Earth) and “eon” (eternity), **Zeon will contribute to a “Sustainable Earth” and “Safe and Comfortable Life for People”** by providing original technologies, products, and services.

Vision for
2030

A company that lives up to societal expectations and aspirations of employees

SDGs
targeted
by Zeon



Core
Values

Let's try first

Let's connect

Let's polish up



**A company that
lives up to
“societal
expectations”**

Vision for 2030

Live up to **societal expectations**

Live up to **aspirations of employees**

Directions for 2030
(what we want to be)

Continuing to contribute to a sustainable society

Providing products and services indispensable to society

Take vigorous action with the steps “Let’s try first,” “Let’s connect,” and “Let’s polish up”

Strategies

1

2

3

Formulate 3 Strategies based on the directions for 2030

Strategies

Key Policies (2021–22)

Targets for 2030

1

Promote a transformation of *monozukuri* to realize a carbon neutrality and circular economy

Formulate a master plan for achieving carbon neutrality looking toward the year 2050

To be set based on published guidelines including those of the Japan Chemical Industry Association

2

“Polish up” existing businesses

Strengthen COP and battery materials

Sales ratio of products that contribute to the SDGs: **50%**

ROIC for existing businesses: **9.0%**

“Explore” new businesses

Ensure the survival of existing SBUs

Net sales of new businesses: **+60.0 billion yen** (compared to FY2019)

3

Work together to create “stages” to be active on

Provide a greater variety of life choices

Employee engagement: **75%**
Ratio of foreign-national and female directors: **30%**

Strategies

1

Promote a transformation of *monozukuri* to realize a carbon neutrality and circular economy

2

“Polish up” existing businesses

“Explore” new businesses

3

Work together to create “stages” to be active on

Key Policies

Formulate a master plan for achieving carbon neutrality looking toward the year 2050

Strengthen COP and battery materials

Ensure the survival of existing SBUs

Focus resources on key areas

Provide a greater variety of life choices

Targets for 2030

To be set based on published guidelines including those of the Japan Chemical Industry Association

Sales ratio of products that contribute to the SDGs: 50%

ROIC for existing businesses: 9.0%

Net sales of new businesses: +60.0 billion yen (compared to FY2019)

Employee engagement: 75%
Ratio of foreign-national and female directors: 30%

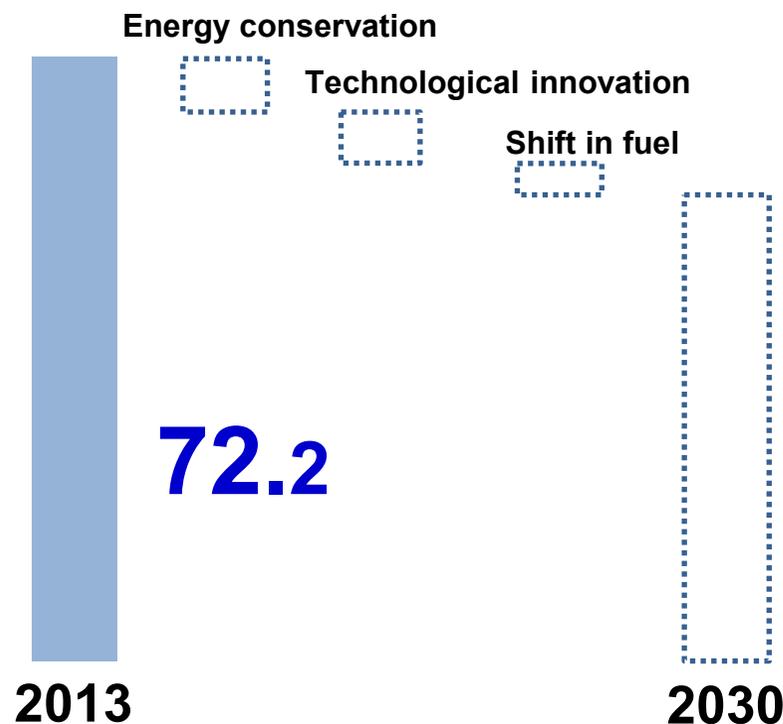
Key Policy

Formulate a master plan for achieving carbon neutrality looking toward the year 2050

Steadfastly pursue the R&D and technological innovations necessary for a long-term transformation of *monozukuri*



Total CO₂ emissions
(unit: 10,000 tonnes)



Emissions for
Scope 1+2
manufacturing

Example of initiative
Production of butadiene
from biomass

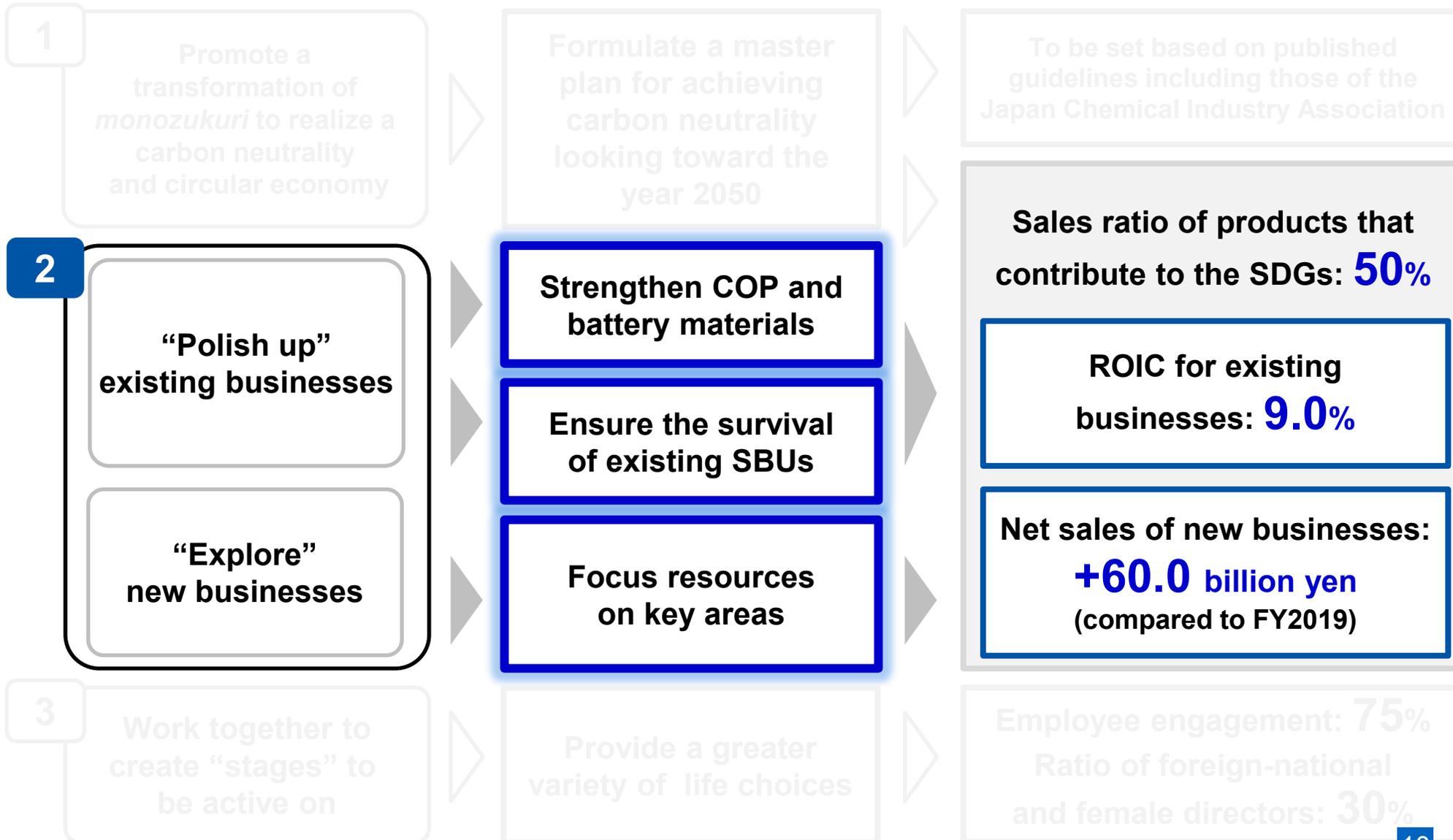


Source: Zeon press release (April 13, 2021)

Strategies

Key Policies (2021–22)

Targets for 2030



Key Policy

Strengthen COP



1. Take the lead in growth markets through timely investments in capacity expansion

- Increase production capacity at the Mizushima Plant (construction to be completed in July 2021)

Annual production: **37,000** tonnes **41,600** tonnes

(Examples)

Applications for safe and comfortable life for people



2. Improve resilience*

- Further consider a new production base

*Build up strength to avoid the risk of critical damage from natural disasters and accidents and improve flexibility to ensure a prompt recovery

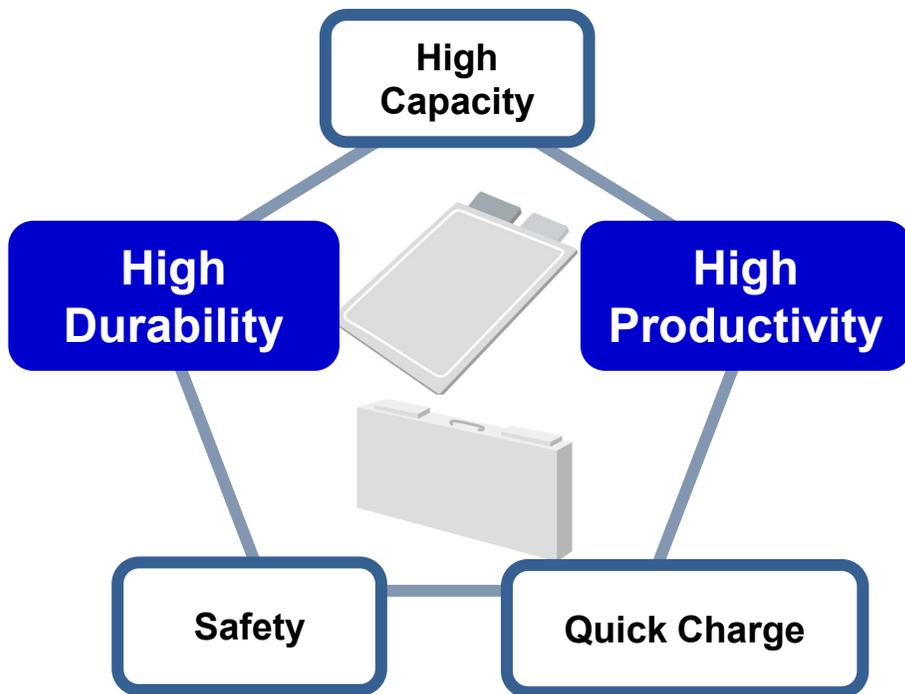
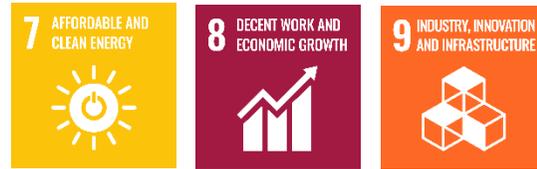
Mizushima Plant, Zeon Corporation



Key Policy

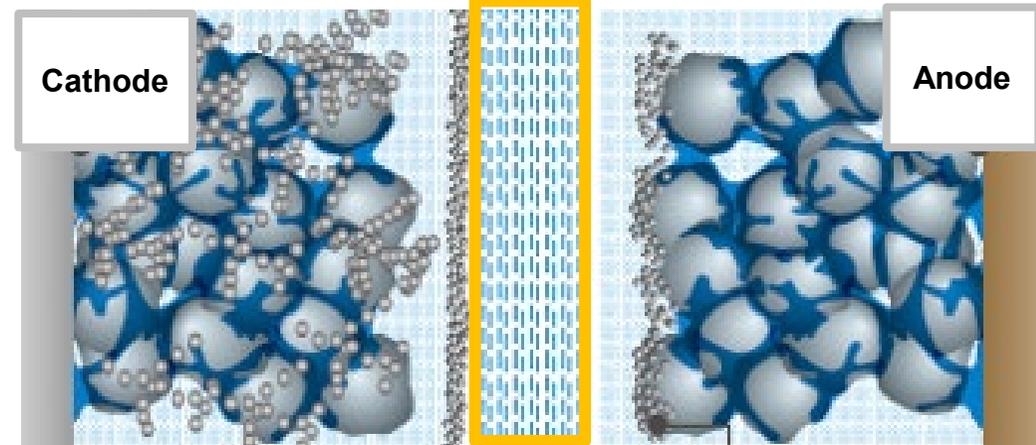
Strengthen battery materials

Launch the products that contribute to improving five major properties in the growing market



Five major properties required for lithium-ion batteries

AFL[®] (adhesives for separators) realizes **high durability** and **productivity** for lithium-ion batteries
(Press release: February 2021)



2 “Polish up” existing businesses

Key Policy

Ensure the survival of existing SBUs

Elastomers

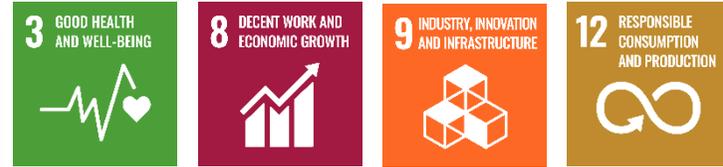
Synthetic rubbers
Latex
Chemicals

- Strengthen products having a competitive edge
- Raise the efficiency of each production line

Specialty Materials

Specialty Chemicals
Toners
Electronics materials
Optical films
Medical devices

- Bolster our competitive edge by developing products and increasing production capacity



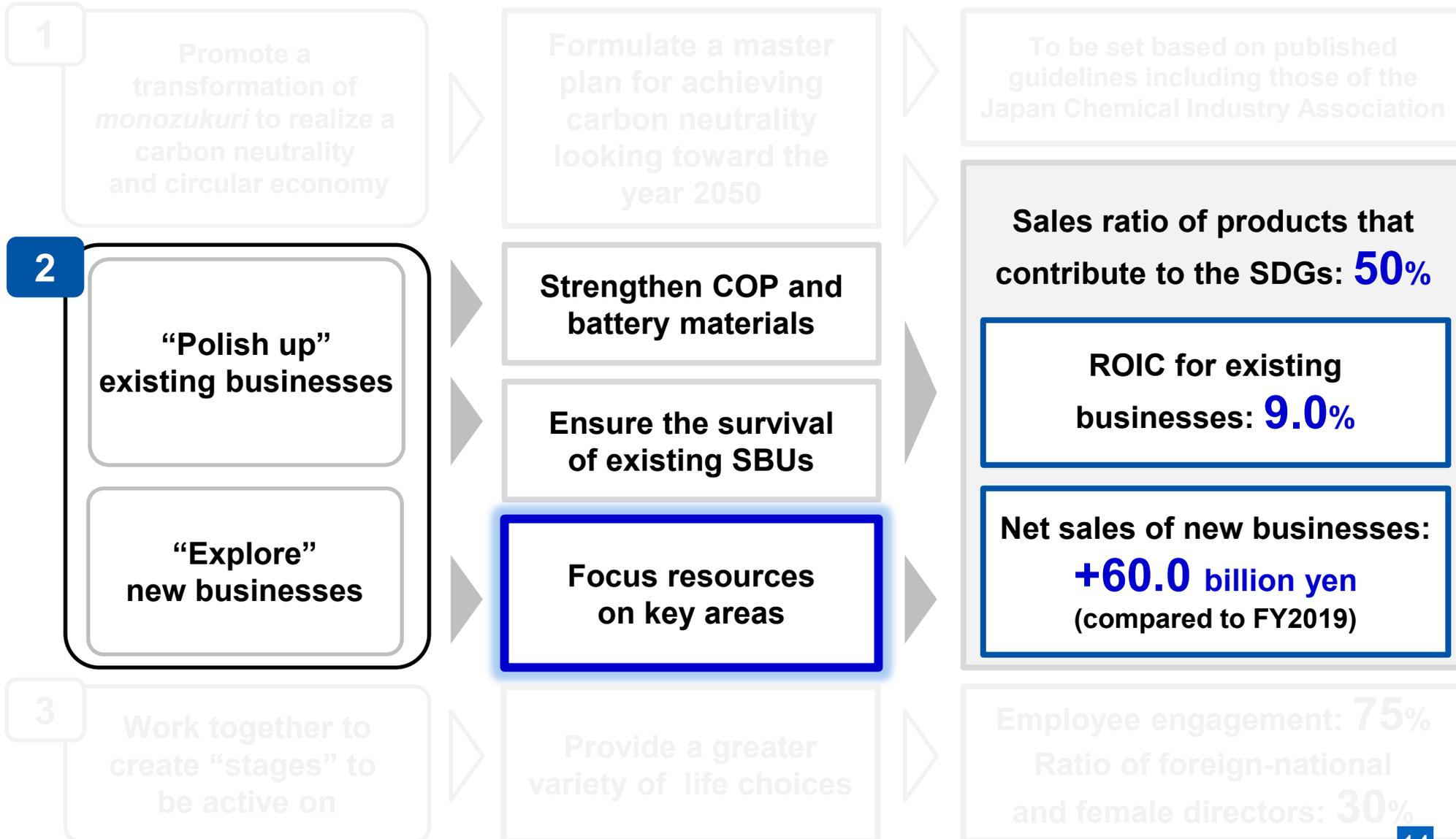
Increase efficiency in the use of resources and facilities

Pursue sustainability

Strategies

Key Policies (2021–22)

Targets for 2030



Key Policy

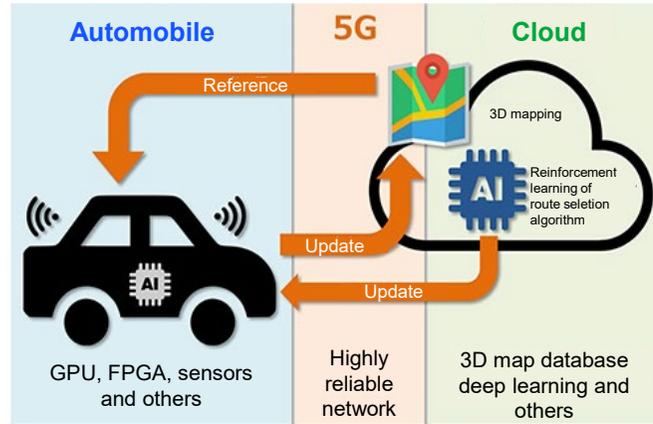
Focus resources on key areas

Healthcare and Life Science



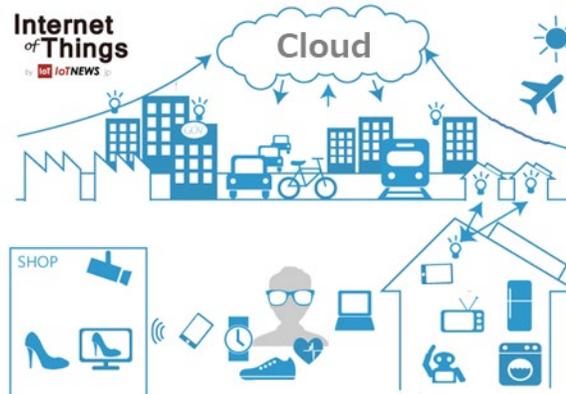
Source: Japanese Ministry of Health, Labor and Welfare website

CASE·MaaS

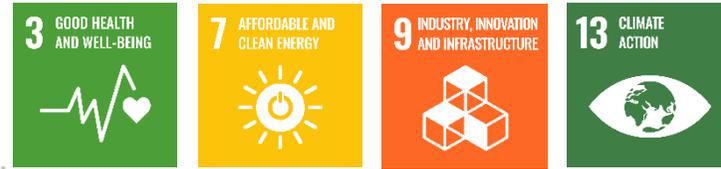


Source: CASE technology strategy platform, Japanese Ministry of Economy, Trade and Industry

Telecommunications (5G/6G)



Source: “Introducing the Smart City,” IoT NEWS



Energy Conservation



Source: Guidebook on Feed-in Tariff System for Renewable Energy, Japanese Agency for Natural Resources and Energy

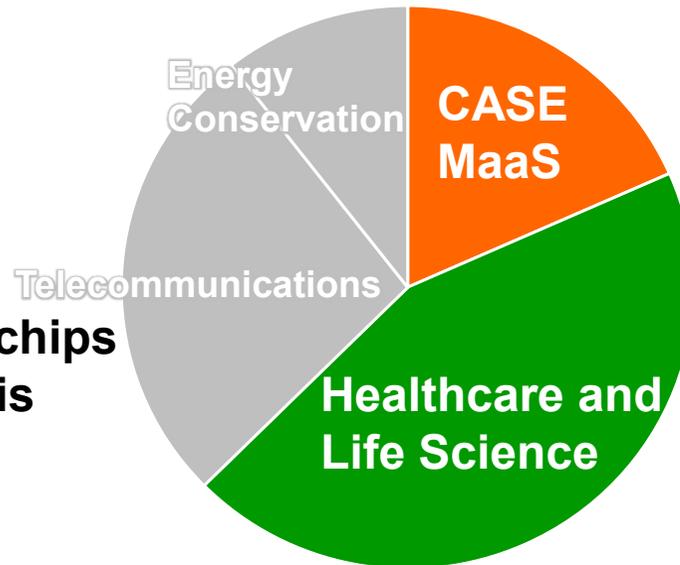
Key Policy

Focus resources on key areas

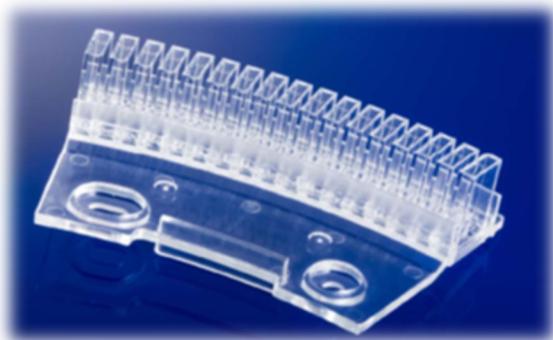
Example:
COP*-based microfluidic chips
for inspection and analysis

*Cyclo-olefin polymer

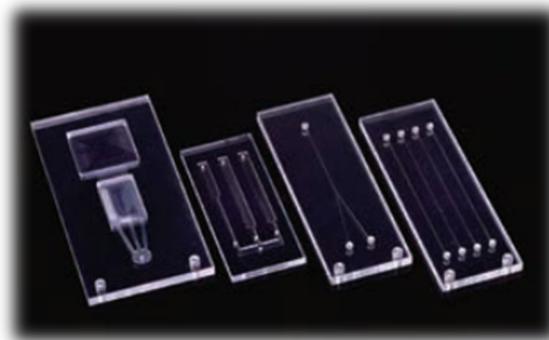
Breakdown of new businesses for +60 billion yen in net sales



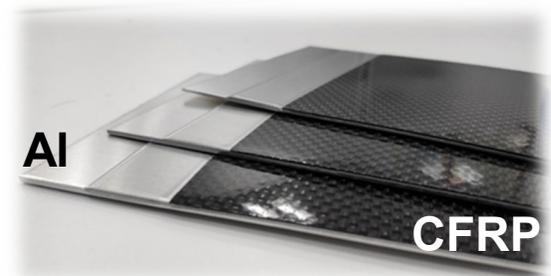
Example:
multi-material adhesive for automobiles
(new material that combines non-adhesive objects)



Component for inspection and analysis



Microfluidic chips



AI

CFRP

Key Policy

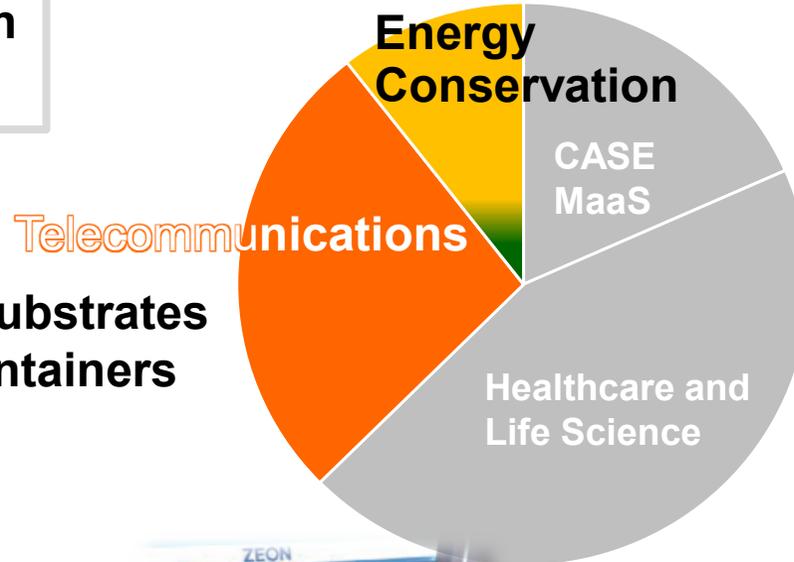
Focus resources on key areas

Example:

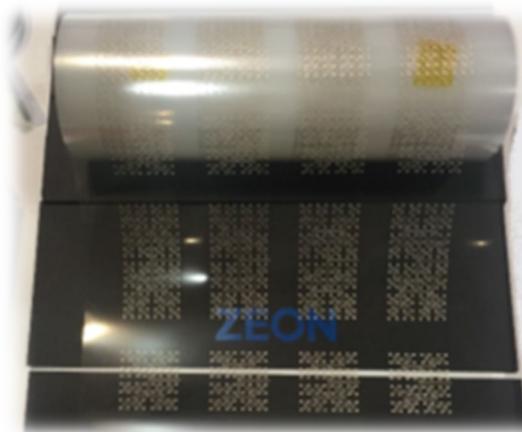
- COP*-based film substrates
- semiconductor containers

*Cyclo olefin polymer

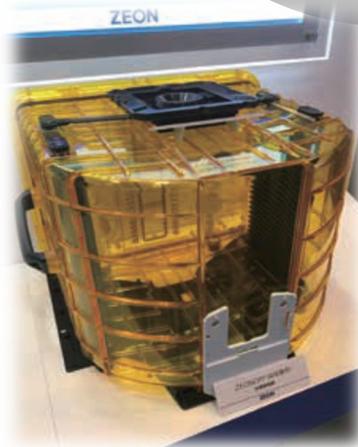
Breakdown of new businesses for +60 billion yen in net sales



- Examples:
- TIM (thermal interface material) sheet
 - solar cards



Film substrates



Semiconductor containers



TIM

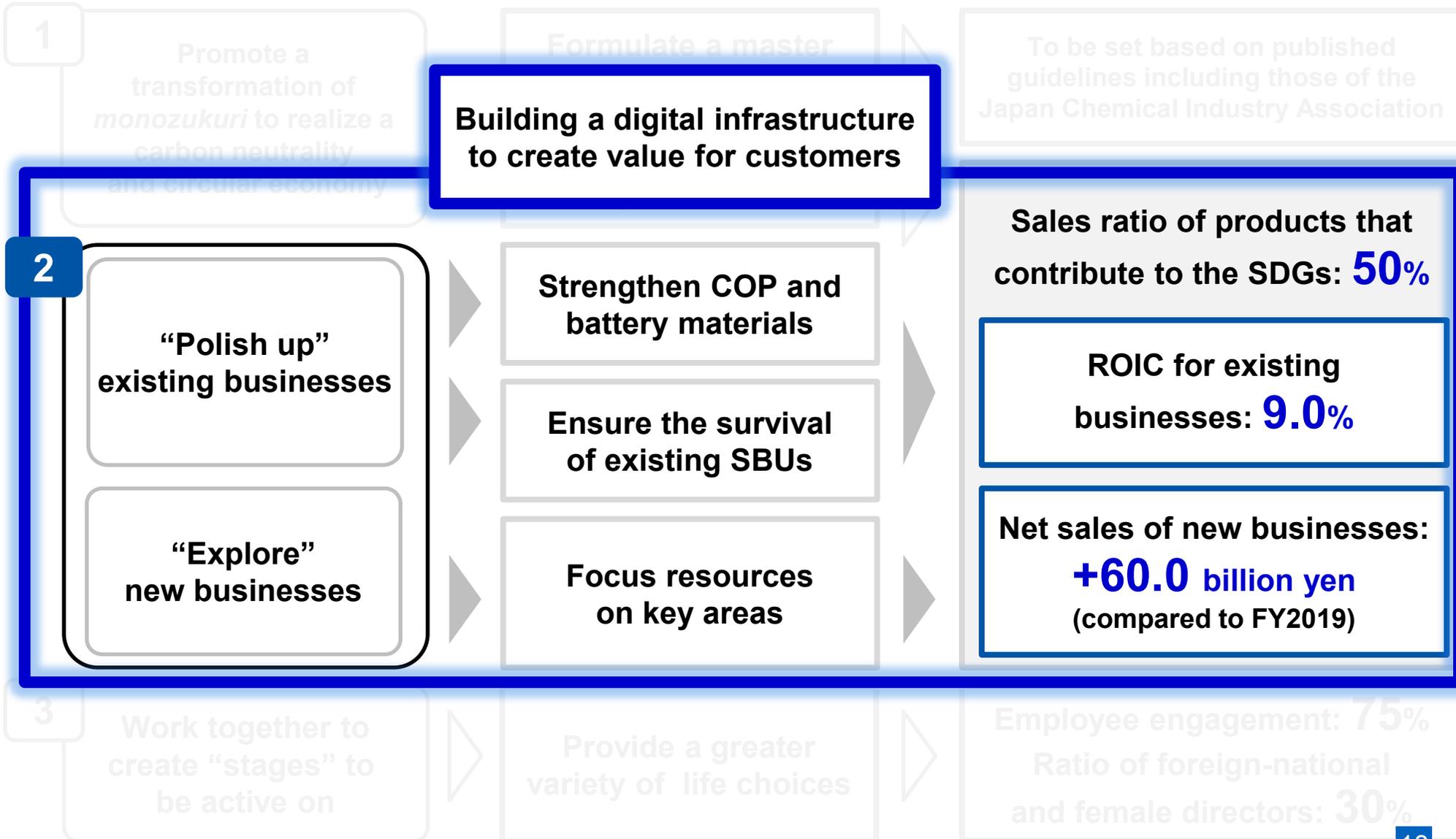


Solar cards

Strategies

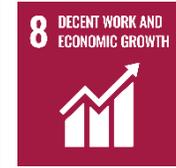
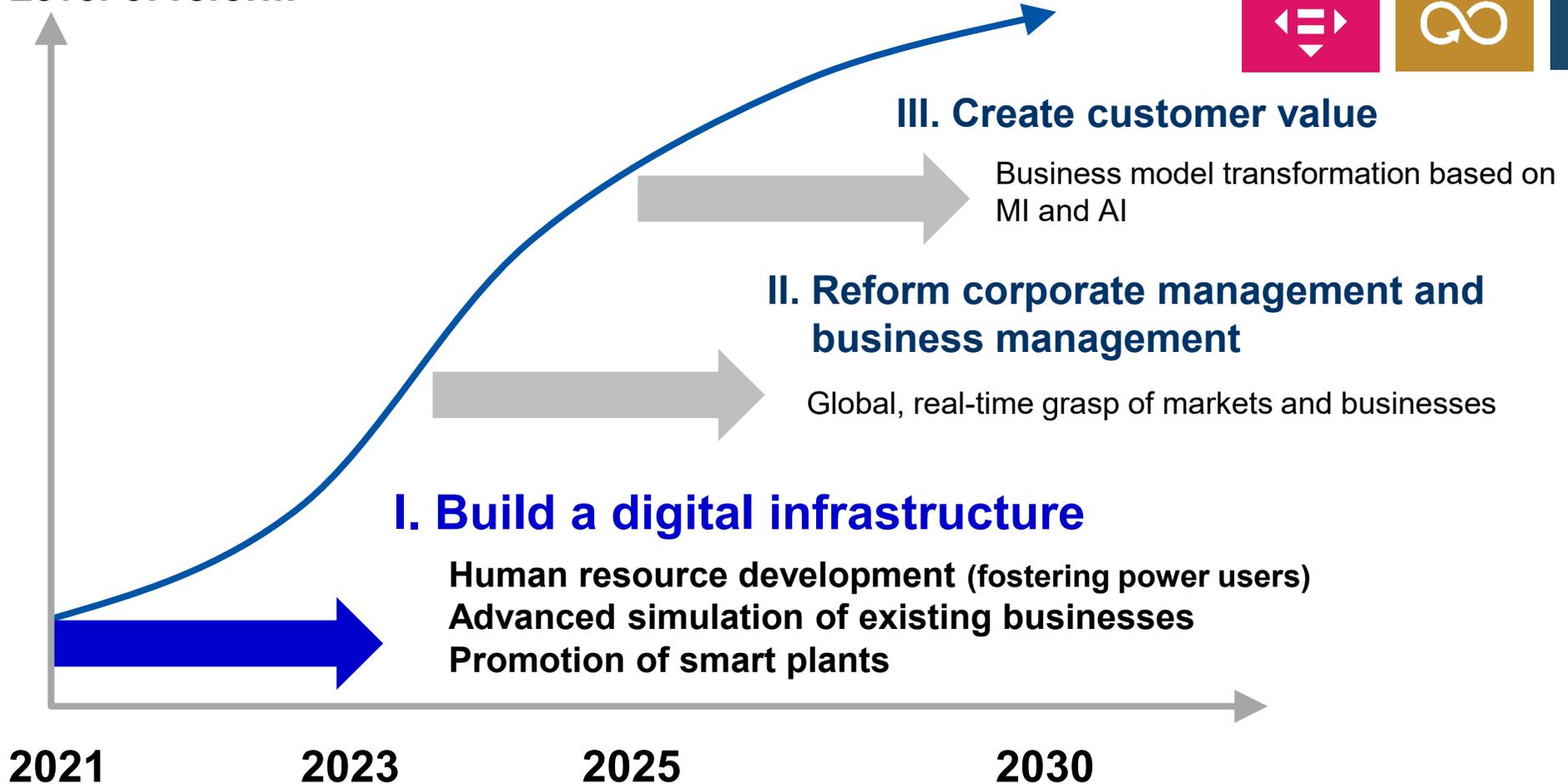
Key Policies (2021–22)

Targets for 2030



Create customer value by building a digital infrastructure that realizes DX (digital transformation)

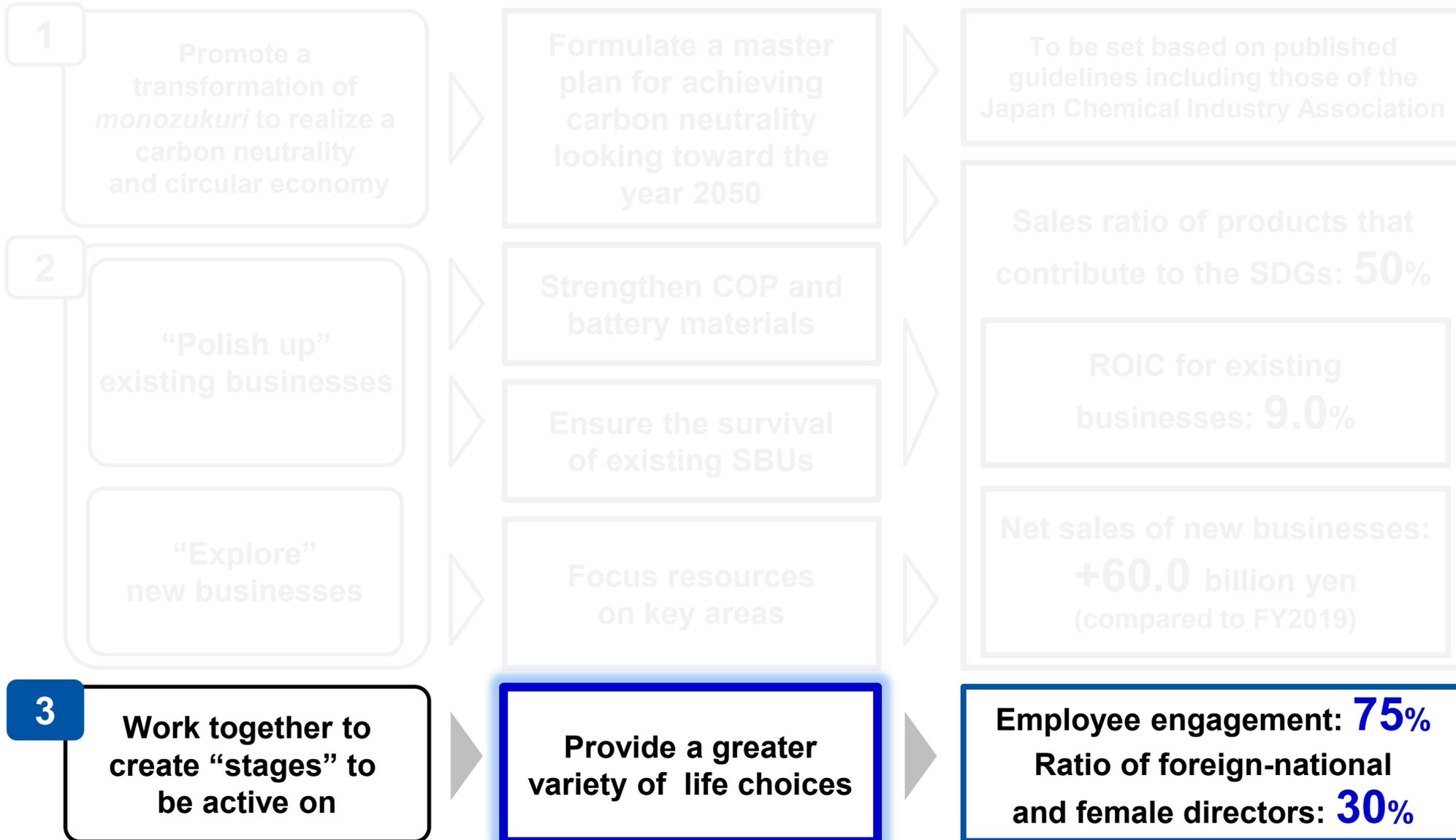
Level of reform



Strategies

Key Policies (2021–22)

Targets for 2030



Key Policy

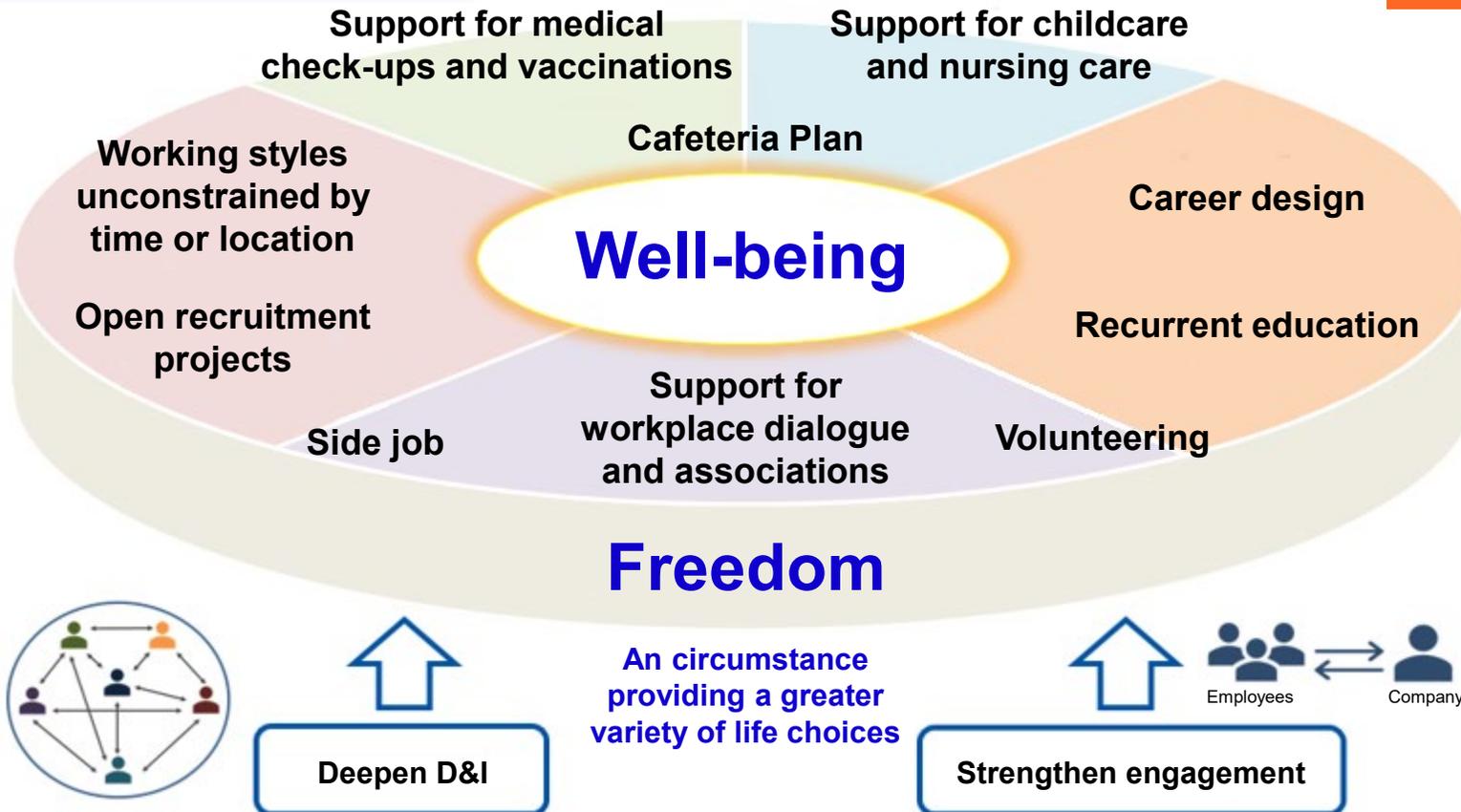
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Targets for 2030

Employee engagement: **75%**
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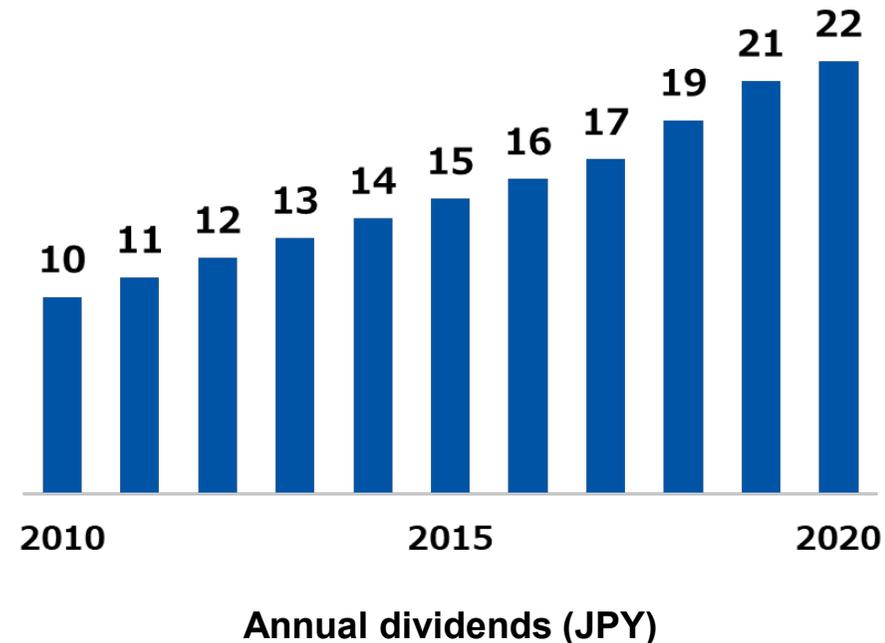
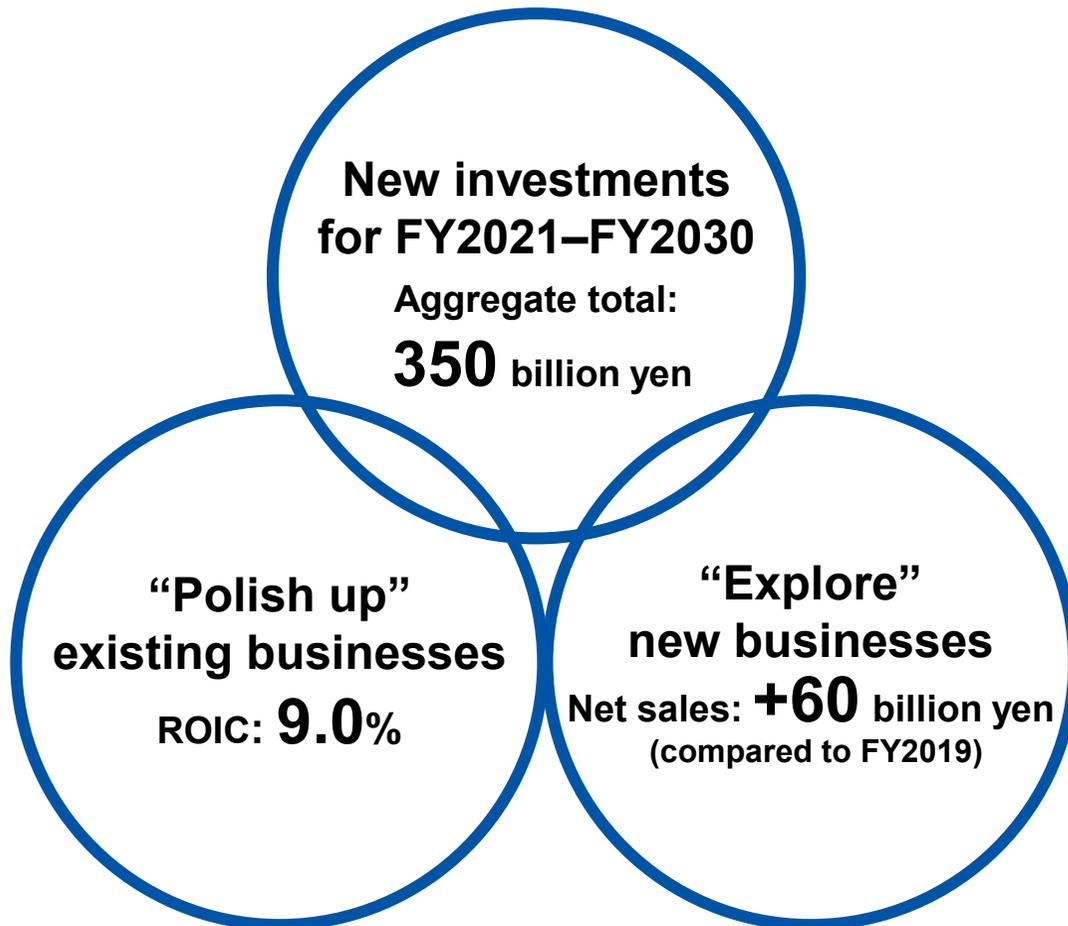
*Directors and Audit & Supervisory Board members (internal and external)



Balancing new investments for business expansion and enhancement in capital efficiency



Continuous, stable shareholder returns



Corporate Philosophy
= Mission

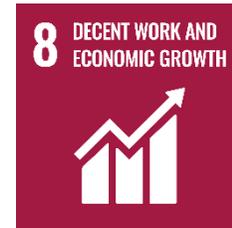
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Zeon's plans, forecasts, and other data appearing in this presentation were calculated based on currently available information and therefore include risks and uncertainties. Actual results may differ depending on various factors.

ZEON

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