This is a reprint of pages 28 to 39 of the quarterly financial results briefing material held on October 28, 2024.

There are no changes to the content.

Current Status of Medium-Term Business Plan - Phase 2 (FY2023–FY2026)
Supplementary explanatory materials
(Action to Implement Management that is Conscious of Cost of Capital and Stock Price)

ZEON CORPORATION

October 28, 2024

1 Our Vision

- Continue to be a **specialty chemical company** that provides original technologies, products, and services

2 Business Strategy

2-1. Portfolio restructuring（Shunan area）

- **Shift to high profit products** from C4 production item
  - Decided to construct a new COP plant in Shunan area with appropriate distance from Mizushima plant, infrastructure and other conditions.
  - At the same time, get started profitability reform for Elastomer/C4 business with Tokuyama plant.

2-2. COP

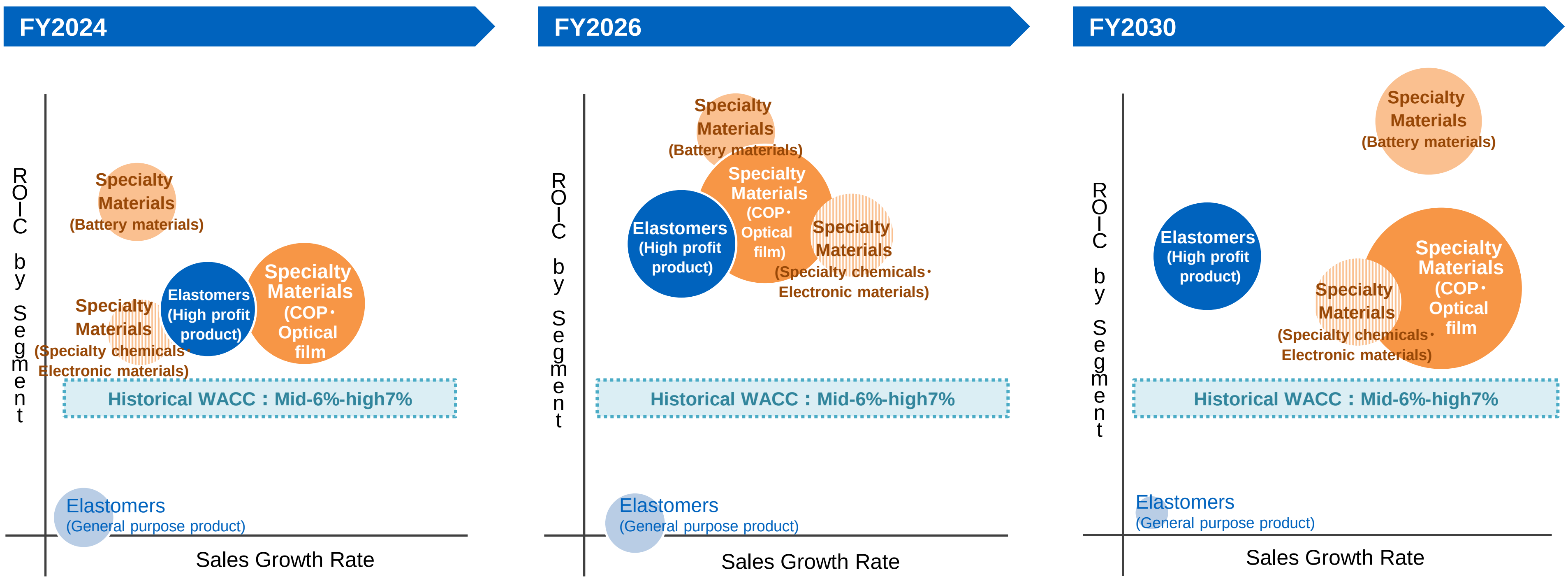
- Backed by robust demand, we believe that **a new COP plant can bring high added value**
  - Over the five years leading up to FY2023, we have achieved a CAGR of 11% in sales owing to sales expansion of semiconductors and medical use.
  - COP and Optical films were accounting for 60% of specialty materials net sales in FY2023.
  - Production capacity has been gradually increased, mainly in Mizushima, but is expected to reach effective upper limit of production capacity by 2028.

3 Capital/Financial strategy

- Dividend policy: Changed to at least **DOE4%**
- Decided an **additional 10.0 billion share buyback** in FY2024
- In progress of optimization of CCC standards and review future plans to improve return on capital exceeds cost of capital.

- We will further advance our transformation into a specialty chemical company, with high added value products driving our capital profitability and growth potential.
- Aiming to improve mid- to long-term capital efficiency by changing portfolio composition.

***Bubble size indicates EBITDA**



*Elastomer(High profit product) includes specialty rubbers and Solution-polymerization Styrene-Butadiene Rubber (S-SBR). Elastomer(General purpose product) locates low position both sales growth rate and ROIC by segment, so that we've already released the plan to discontinue several lines.

*Sales growth is compared to the previous year.

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- The decision to construct the new COP plant in Shunan area where Tokuyama plant is located was made because it was the optimal distance to enable collaboration with Mizushima plant while also being able to meet BCP needs. (No room for expansion at Mizushima Plant).
- Utilizing existing factories other than Mizushima plant would involve scrap-and-build approach, making it more economical to construct new facility on undeveloped land.

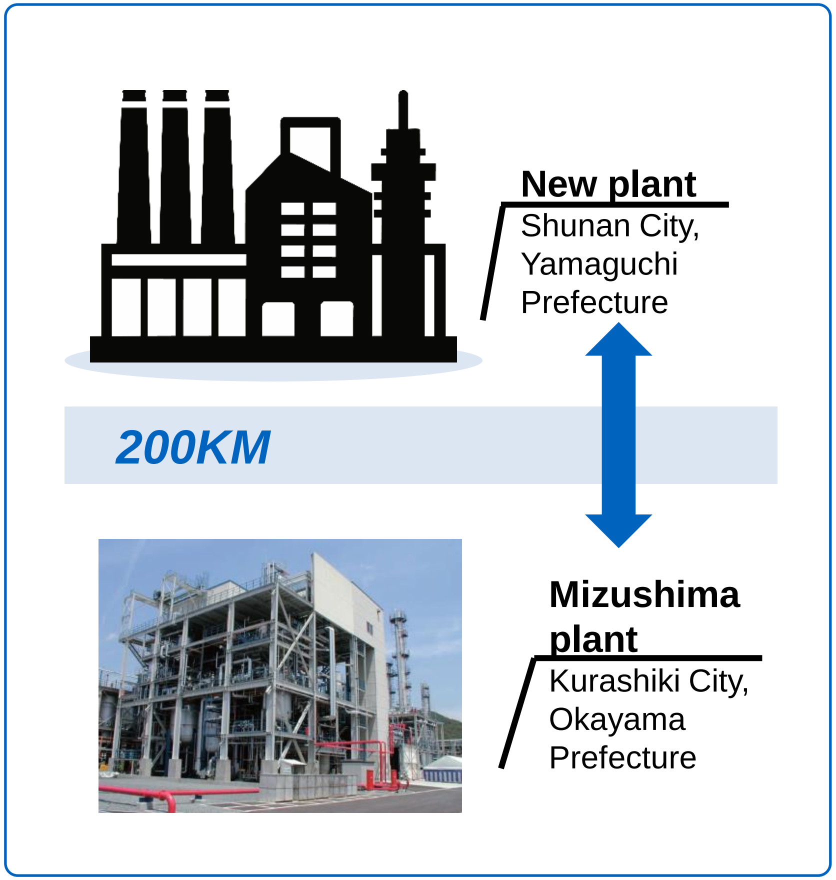
Why do we construct a new COP plant in Shunan area?

1 Location that allows collaboration with Mizushima plant (200KM)

- Mizushima Plant, which serves as the primary facility for COP, located at an optimal distance from the new COP plant in Shunan area. We can also leverage the expertise of highly skilled personnel from Tokuyama Plant and supporting personnel from Mizushima Plant.

2 Location where an optimal distance from a business continuity planning (BCP) perspective

- Distance that can avoid simultaneous damage in the event of an epicentral earthquake
- During the Noto Peninsula earthquake, Himi Futagami Plant and Tsuruga Plant (150 km apart) were both spared from simultaneous damage.



Why will the production halt of low profit products take until FY2026?

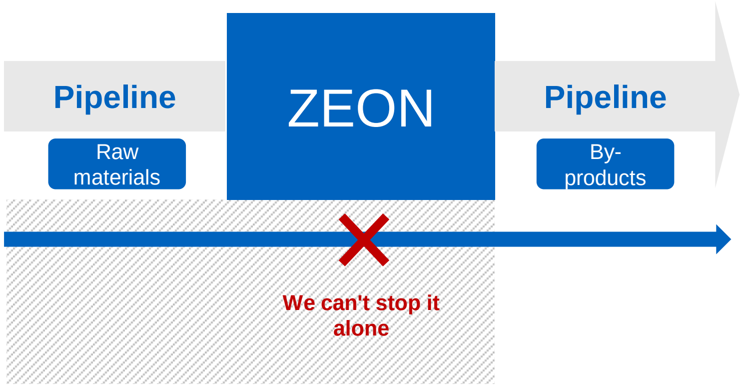
1 Coordination of production processes with surrounding petroleum complexes

- In petrochemical complexes, raw materials are obtained through pipelines, and by-products are used by the other company.
- If some production of Elastomers is halted, the other company using the by-products has to find new supplier.

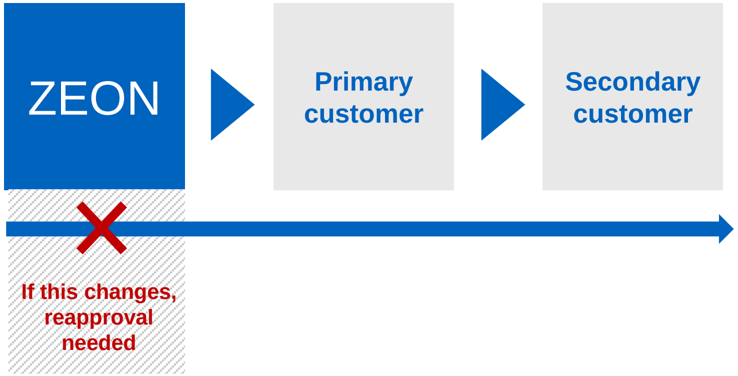
2 Impact of raw material changes on customers

- The products, some of which will be discontinued, are primarily used in rubber for automobile tires.
- Automotive-related products require reapproval from various agencies when changing raw materials.

[Adjusting production processes at petroleum complexes]



[Impact of raw material changes on customers]



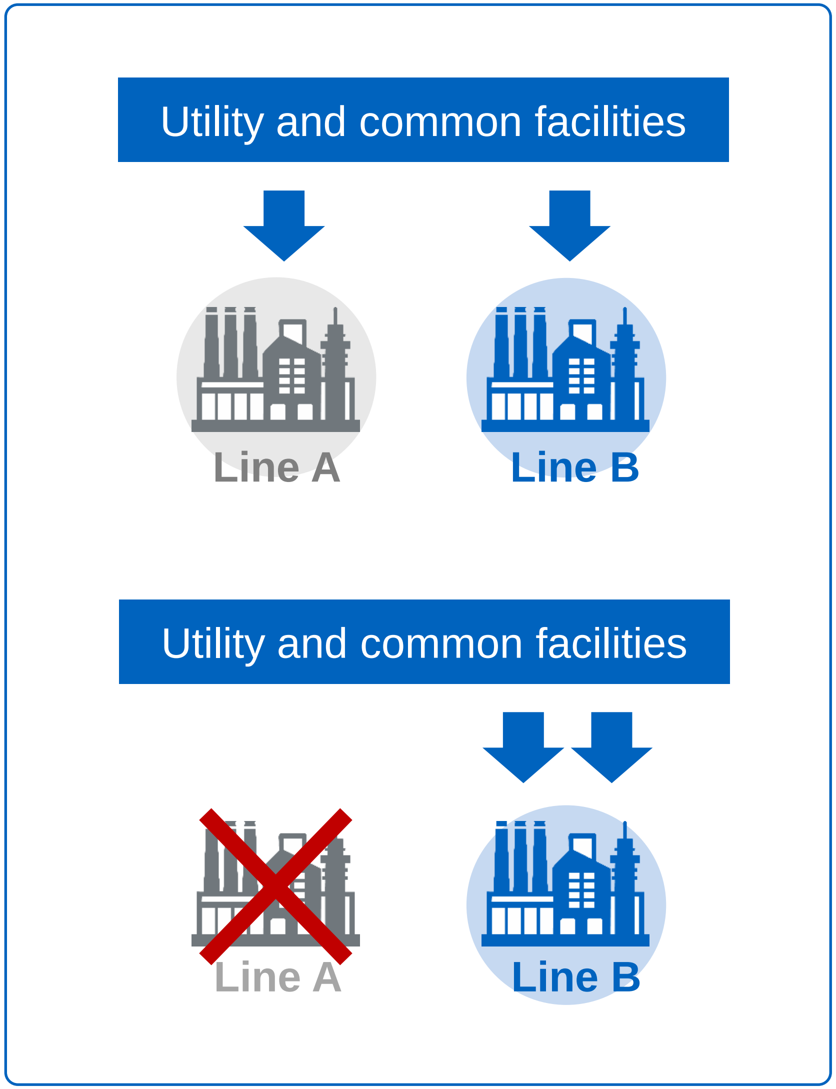
3 Elastomers (General purpose products) have low profit margins, but contribute to recovering fixed costs through marginal profits.

- Share utilities and common facilities among multiple lines
- Even low profit products contribute to the profitability of the entire Tokuyama plant by creating marginal profits. By implementing gradual downsizing, we ensure the profitability of high profit products.

Why not completely withdraw from elastomers at Tokuyama plant?

1 Elastomers (high profit products) are expected to continue to contribute significantly to profits.

- The polymer production technology cultivated at Tokuyama plant is the basis for various elemental technologies, including Specialty Materials products, and is the source of our competitiveness.
- With a view to rebuilding the company's entire production system centered on Tokuyama plant, the company will work to increase the profitability of elastomers.



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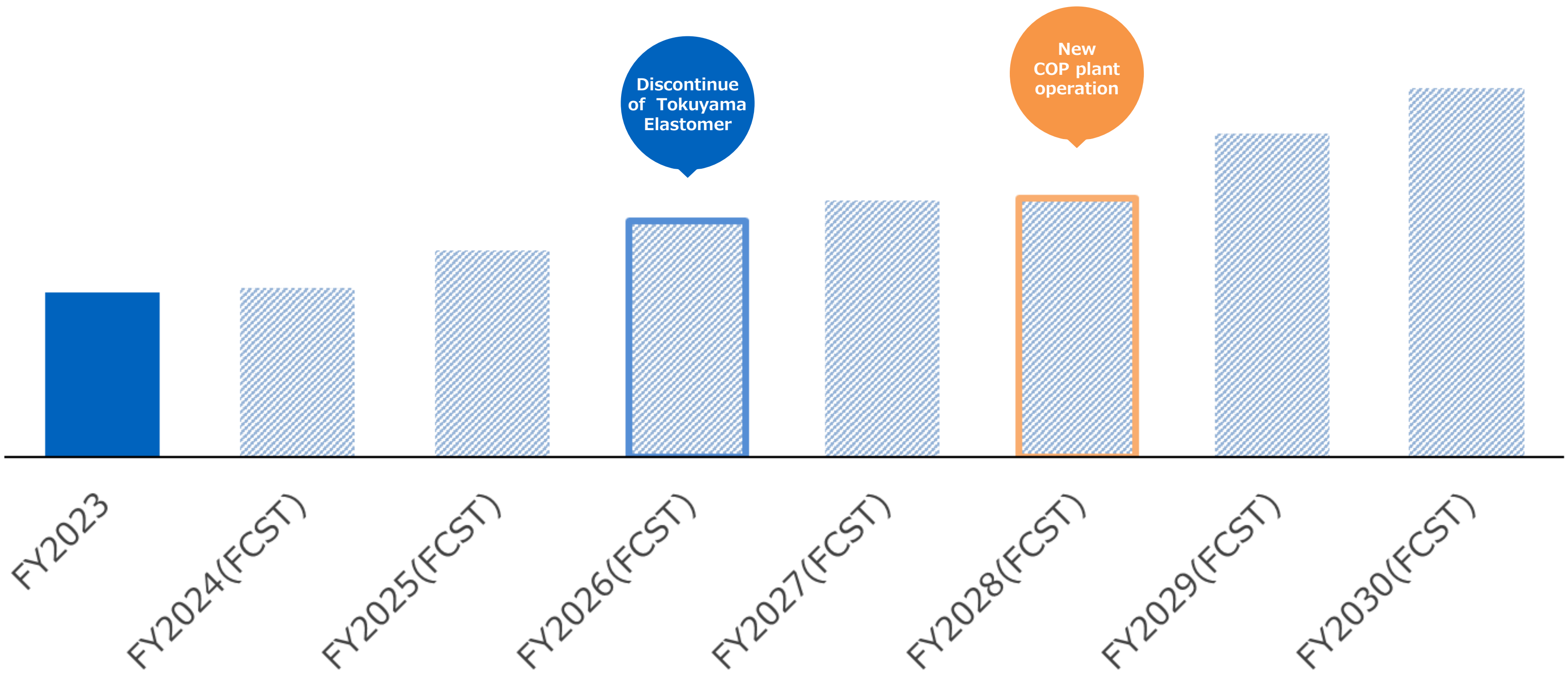
- The decline in operating profit is primarily attributed to the reduced marginal profit from elastomers and the depreciation of the new COP plant.
- The impact of additional costs is minimal. However, EBITDA is projected to increase significantly.

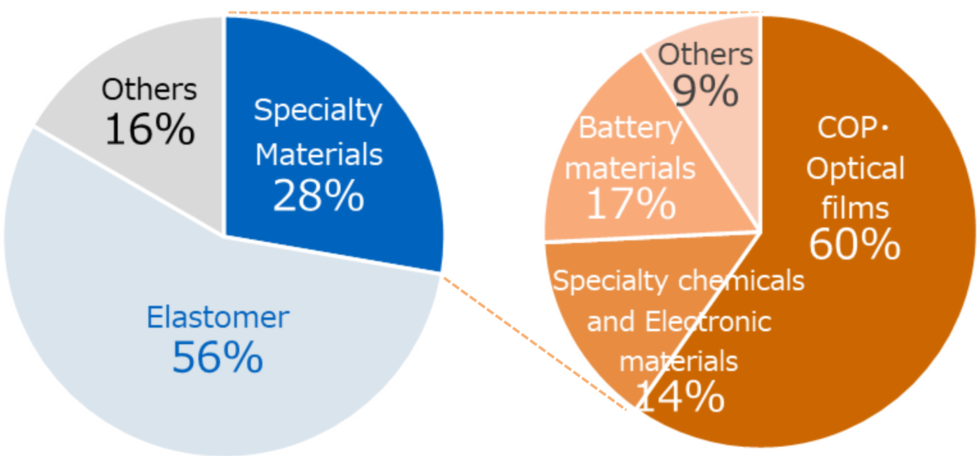
Trend of EBITDA (Forecast)



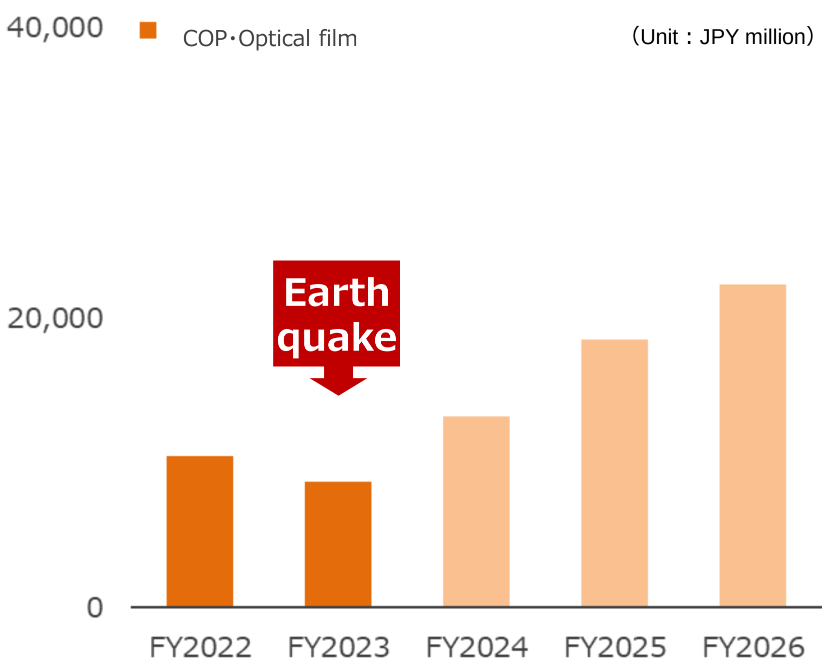
- COP and Optical films account for about 60% of current Specialty Materials net sales.
- By the portfolio restructuring, we aim to enhance our supply capacity for COP and Optical films, which are among our most profitable Specialty Materials. The goal is to achieve net sales of over 100 billion yen (with an ROIC of over 10%) by 2030 and to reach around 130 billion yen in net sales (with a mid-20% ROIC) by 2035.

Net sales by segment (FY2023)

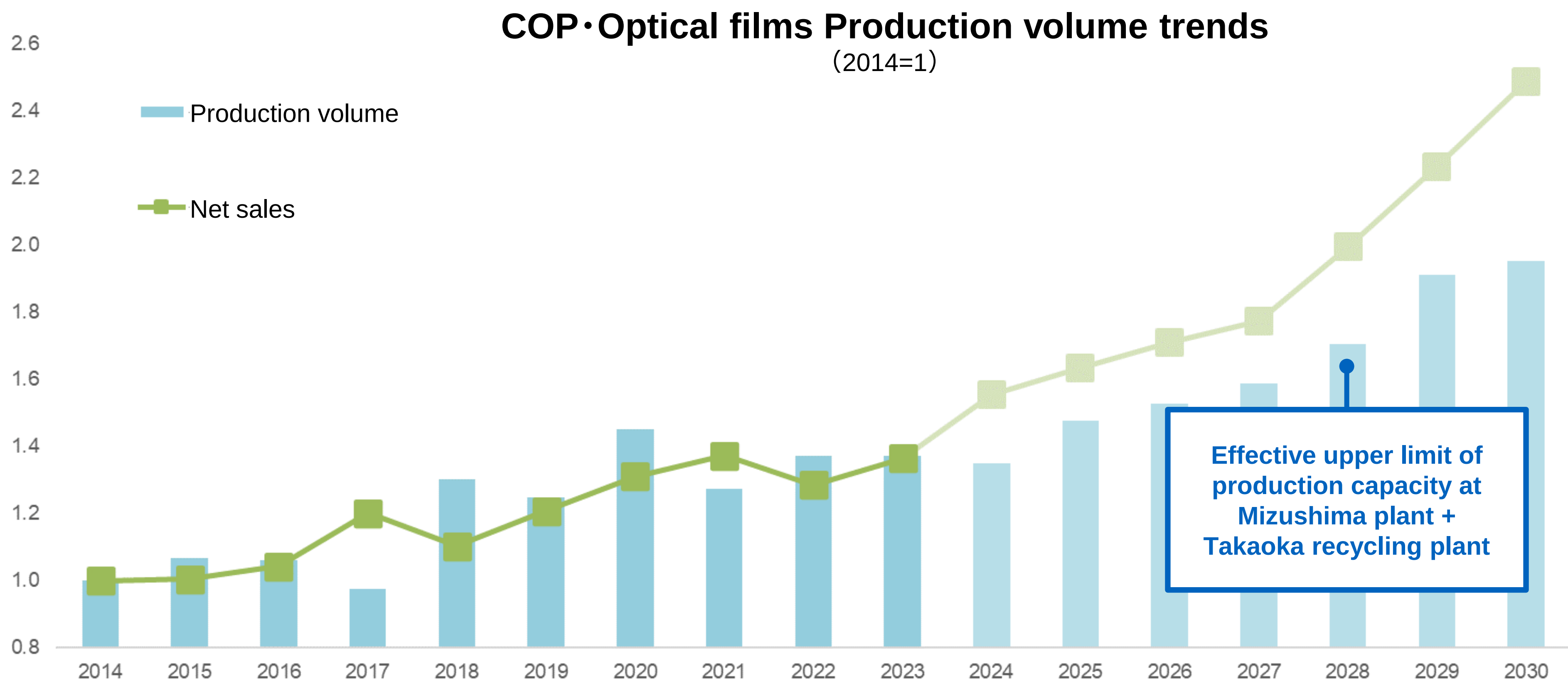
Net sales by division of Specialty Materials (FY2023)



EBITDA trends by division



- COP shipments are trending favorably. In order to meet the steady demand for COP, we have decided to construct a new plant.
- Anticipating that COP and Optical films will be a growth driver, we decided to make investments with a 10-year outlook. With this portfolio restructuring, we aim to advance our transformation into a specialty chemicals company.



※ Production volume is converted to a daily basis.

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■ In particular, we secure a high market share for the medical market and steady demand is becoming apparent.

Business segment	Market	Net Sales CAGR Forecast	Advantages of COP	Global Share	Growth factors
COP	Optical (Plastic for lenses)	7%	Low water absorption, high transparency, low birefringence and excellent lens molding.	Mid-Large sized lens: High market share Small sized lens: Middle share	Market share expansion of small sized lens by introducing new products
COP	Diagnostic devices (Micro-well plates and microfluidic devices)	7%	Speeding up analysis owing to low fluorescence Integrated production from COP(raw material) to product device	Small share, currently	Strong cost competitiveness and product development capabilities by Integrated production from COP(raw material) to product device
COP	Medical (PFS, packaging and others)	6%	Low adsorption of proteins (antibodies) and nucleic acids, making it advantageous for biopharmaceuticals (antibodies, nucleic acid drugs)	Defact standard for resin product	Expansion of the market for biopharmaceuticals such as vaccines
COP	Semiconductors (Electrical/electronic)	12%	Low outgassing makes it advantageous for fine semiconductor containers (contributes to improved semiconductor manufacturing yields)	Top share for fine semiconductors	Semiconductor market growth and PC semiconductor container market share acquisition
Optical film	Retardation film	6%	COP film is advantageous for screen sizes of 55" or above due to its low water absorption.	Defact standard for 55" and above	Increasing TV screen size

Approximately 90% of net sales of Specialty Materials in FY2023.

Highly Probable Growth Drivers

*CAGR is the average growth rate of our sales over the 10 years from fiscal 2024 onwards, while it for diagnostic devices is the market growth.

*PFS: Pre-filled syringes

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Review Target of ROE in 2026 from 9% to 10%

Promote initiatives to enhance shareholder return and improve capital efficiency

Enhance shareholder return

- Dividends policy: DOE of at least 4%
- Decided additional share buyback with an upper limit 10 billion yen.

Initiatives to improve of return on capital exceeds cost of capital

- Optimization of CCC standards ： Strengthened internal monitoring of inventories
- Review cost plan, etc. ： Under review of selling, general and administrative expenses and plant fixed costs
- Review target of financial Leverage： Under review of the forecast of business and investment

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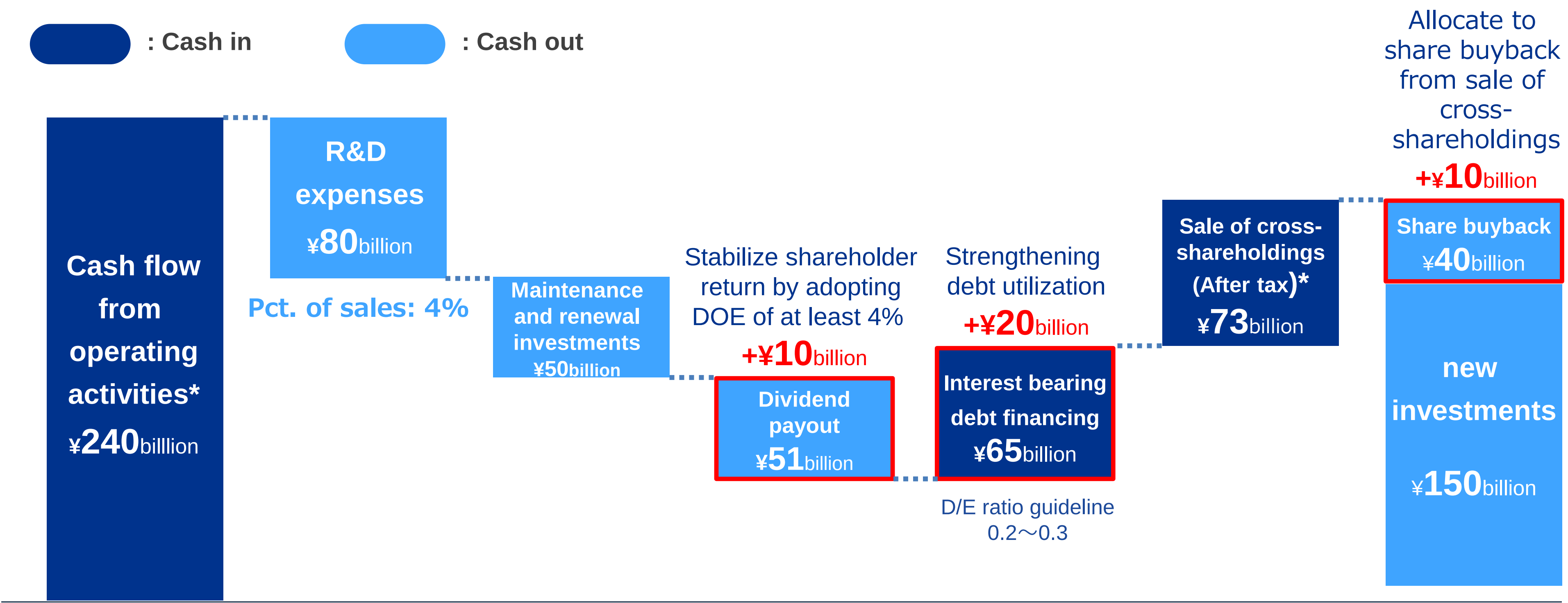
■ The increase in cash out from shareholder return will be covered by increase of interest bearing debt financing.



* Cash flow from operating activities and sale of cross-shareholdings are fluctuating from “Medium-Term Business Plan – Phase 2” released on June 11, 2024 as below. The estimated tax amount on the estimated sales of cross-shareholdings was deducted from the sales of cross-shareholdings and added to cash flow from operating activities.

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New Shareholder Return Policy

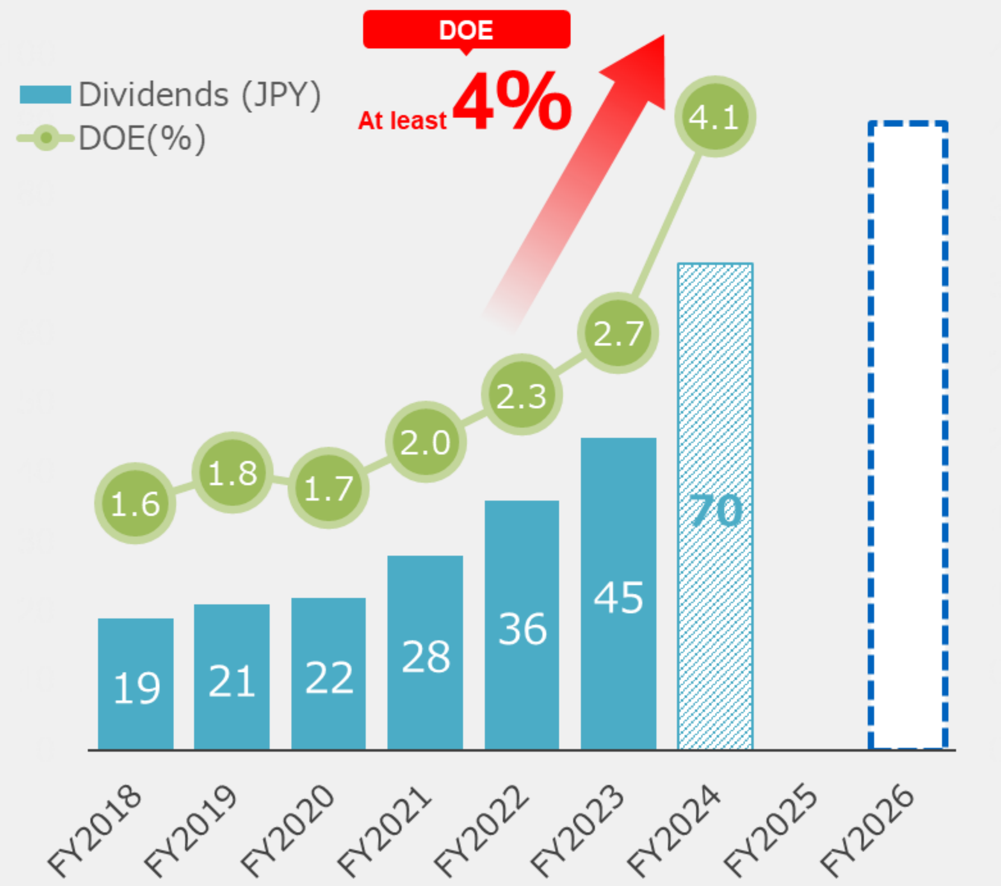
1 **Adopt DOE as a KPI for dividends and DOE of at least 4%**

2 **Share buyback (planned) Increase**

FY2024-FY2026

¥30.0B ▶ ¥40.0B

- **FY2024 ¥10.0B ▶¥20.0B**
- **FY2025-FY2026 ¥20.0B**



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Thank you.