



# Medium-Term Business Plan - Phase 3 (FY2025 - FY2028)

# ZEON

ZEON CORPORATION

Tetsuya Toyoshima / President and CEO

June 11<sup>th</sup>, 2025

- 1. Phase 3 Overview**
- 2. Phase 2 Progress**
- 3. Phase 3 Financial/Non-financial Targets**
- 4. Phase 3 Key Products/Markets**
- 5. Phase 3 Other Targets**
- 6. Financial Strategy**
- 7. Action to Implement Management that is Conscious of Cost of Capital and Stock Price**
- 8. Summary**
- 9. Launching a New Co-creation Innovation Facility**

- 1. Phase 3 Overview**
2. Phase 2 Progress
3. Phase 3 Financial/Non-financial Targets
4. Phase 3 Key Products/Markets
5. Phase 3 Other Targets
6. Financial Strategy
7. Action to Implement Management that is Conscious of Cost of  
Capital and Stock Price
8. Summary
9. Launching a New Co-creation Innovation Facility

- Define current and next-phase growth drivers → Significantly increase net sales for each

Next-phase growth drivers (COP molded products, Specialty chemicals, Single-walled CNTs): **Adoption expansion and facility expansion**

**Medium-Term Business Plan : STAGE 30**

Fiscal Year	Phase	Key Event/Target
FY2021	Phase 1	
FY2022		
FY2023	Phase 2	
FY2024		
FY2025		
FY2026	Phase 3	FY2026 Target
FY2027		
FY2028		FY2028 Target
FY2029	Phase 4	
FY2030		

**“Selection and Concentration”**

1. Phase 3 Overview
- 2. Phase 2 Progress**
3. Phase 3 Financial/Non-financial Targets
4. Phase 3 Key Products/Markets
5. Phase 3 Other Targets
6. Financial Strategy
7. Action to Implement Management that is Conscious of Cost of  
Capital and Stock Price
8. Summary
9. Launching a New Co-creation Innovation Facility

**ROIC improved for existing businesses (Synthetic rubbers and COP Optical films); while battery materials net sales fell due to EV sales sluggish**

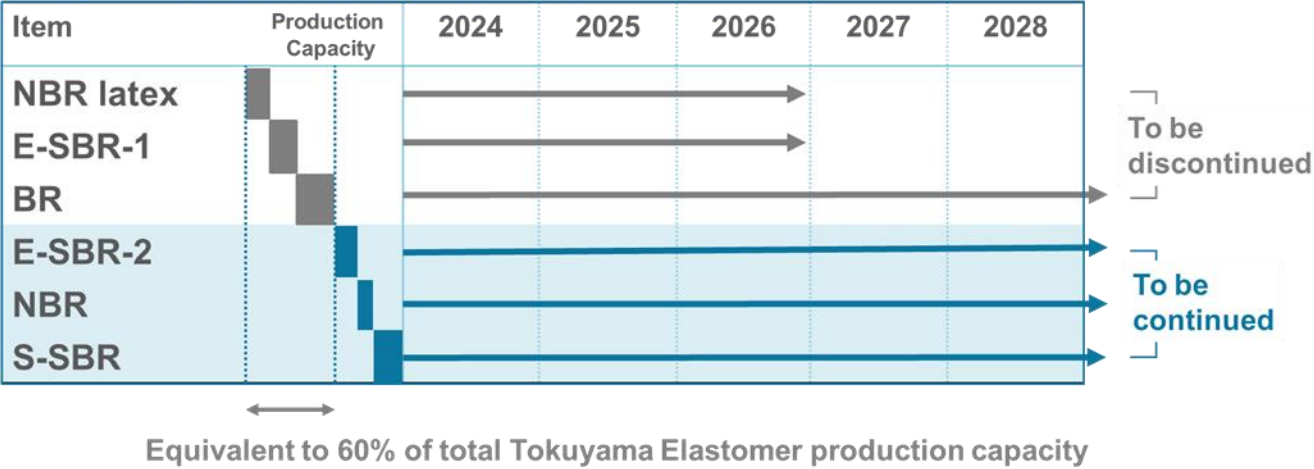
	Strategies	KPIs	FY2023	FY2024	Targets for FY2026	Targets for FY2030
1	Promote a transformation of “monozukuri” to realize carbon neutrality and a circular economy	Ratio of reduction in CO2 emissions Zeon Group (compared to FY2020)	12%	8%	10%	42%
		Sales ratio of products that contribute to the SDGs	35%	35%	40%	50%
2	Contributing to solving social issues by simultaneously “Polish up” existing businesses and “Explore” new businesses	Number of lost time accidents (number of cases)	9	4	0	
		Consolidated operating income per employee (million yen/person)	4.3	6.1	7	
		ROIC for existing businesses	4%	6.3%	7%	9%
		Net sales indicator – COP FY2019: 100	163	191	210	
		Net sales indicator – Battery materials FY2019: 100	149	132	240	
		Net sales of new business (billion yen)	1.2	6.4	16	60
		External collaboration/Customer themes (FY2023-2026 cumulative total)	3	12	10	
3	Work together to create “stages” to be active on where each individual can demonstrate their strengths	Employee engagement	52%	52%	56%	75%
		Environment maximizing employee potential	50%	51%	55%	
		ZEON Healthy Behavior Indicator	62%	62%	65%	
		Annual paid leave utilization rate (Jan.–Dec. total)	71%	76%	70%	
4	“Polish up” the management base	Ratio of foreign national and/or female directors and officers (internal and external directors and auditors)	19%	25%	25%	30%
		Ratio of outside directors and officers	50%	50%	Majority	
		Ratio of female managers	6%	6.4%	12%	
		Cross-shareholdings as ratio of net assets	19%	15%	Less than 5%	

Decided to downsize or withdraw from low-profitability businesses; construction of new COP plant is progressing

■ Tokuyama Plant (Elastomer): Gradual discontinuation of low-profitability products

FY2026 : [Phase 1] Discontinue production of E-SBR-1 and NBR latex  
From FY2028 onward: [Phase 2] Discontinue production for BR

Tokuyama Elastomer - Discontinuation Plan



■ New COP plant: Capacity expansion for high-profitability products

H2 FY2028 and beyond: +12,000 tons/year



Source: “Medium-Term Business Plan - Phase 2 (FY2023–FY2026) Current Status” announced on June 11<sup>th</sup>, 2024

1. Phase 3 Overview
2. Phase 2 Progress
- 3. Phase 3 Financial/Non-financial Targets**
4. Phase 3 Key Products/Markets
5. Phase 3 Other Targets
6. Financial Strategy
7. Action to Implement Management that is Conscious of Cost of  
Capital and Stock Price
8. Summary
9. Launching a New Co-creation Innovation Facility



### 3. Phase 3 Financial/Non-financial Targets

Promote portfolio restructuring through “Selection and Concentration”; set targets to meet the expectations of stakeholders

Materiality	Establishing solid governance	Creating a truly exciting company	Providing unique value through innovation	Transforming business structure to respond to social changes	Contributing to establishing a recycling-based society
Targets for FY2028: KPI	Lost time accident frequency rate <b>0.4 or less</b>	Engagement survey items Employee engagement <b>60%</b>	ROIC <sup>*3</sup> <b>7.0%</b>	Sales ratio of the four growth areas <b>48%</b>	Ratio of reduction in CO <sub>2</sub> emissions (Scope 1+2) Zeon Group (compared to FY2020) <b>More than 10%</b>
	Cross-shareholdings as ratio of net assets <b>Less than 5%</b>	Environment maximizing employee potential <b>60%</b>	EBITDA <b>80 billion yen</b>	Sales ratio of products that contribute to the SDGs <b>45%</b>	
	ROE <b>8.4%</b>	ZEON Healthy Behavior Indicators <b>70%</b>	Number of externally partnered research themes — Cumulative total from FY2023 to FY2028 <b>22</b>		
	Ratio of outside directors <sup>*1</sup> <b>Majority</b>				
	Ratio of foreign national and/or female directors and officers <sup>*2</sup> <b>28%</b>				
		<sup>*1</sup> Excluding auditors	<sup>*3</sup> The formula for ROIC is as follows: $\frac{\text{Consolidated operating income} \times (1 - \text{Income taxes and related levies})}{\text{Interest-bearing debt} + \text{Net assets}}$		
		<sup>*2</sup> Internal and external directors and auditors			

### 3. Phase 3 Financial/Non-financial Targets (Targets mapping table)

Phase 2 Targets: KPI  
Phase 3 Targets: KPI

ZEON

	KPIs	Phase 2		Phase 3	Reason for item change	Targets for FY2030
		FY2024	Targets for FY2026	Targets for 2028		
Establish solid governance	Number of lost time accidents (number of cases)	4	0		Replaced absolute figures with a manageable frequency rate	
	Lost time accident frequency rate			0.4 or less		
	Cross-shareholdings as ratio of net assets	14.7%	Less than 5%	Less than 5%		
	ROE			8.4%	Added with a focus on shareholder value	
	Ratio of outside directors and officers	50%	Majority		Emphasis on further improvement of governance	
	Ratio of outside directors (excluding auditors)			Majority		
	Ratio of female managers	6.4%	12%		Set as internal management target	
Creating a truly exciting company	Ratio of foreign national and/or female directors and officers (internal and external directors and auditors)	25%	25%	28%		30%
	Employee engagement	52%	56%	60%		75%
	Environment maximizing employee potential	51%	55%	60%		
	ZEON Healthy Behavior Indicators	62%	65%	70%		
	Annual paid leave utilization rate (Jan.–Dec. total)	76%	70%		Removed to achieve target	
	Consolidated operating income per employee (million yen/person)	6.1	7		Unified company-wide ROIC	
	ROIC for existing businesses	6.3%	7%		Unified company-wide ROIC	
Providing unique value through innovation	Net sales indicator – COP FY2019: 100	191	210		Unified sales ratio of the four growth areas	
	Net sales indicator – Battery materials FY2019: 100	132	240		Same as above	
	ROIC			7.0%	Emphasis on ROIC management	8%
	EBITDA (billion yen)			80	Newly established with a focus on CF growth	
	Number of externally partnered research themes* — Counted from FY2023 *Renamed in FY2025	12	10	22		
	Net sales of new businesses (billion yen)	6.4	16		Unified sales ratio of the four growth areas	
	Sales ratio of the four growth areas			48%	Emphasis on portfolio restructuring	
Transforming business structure to respond to social changes	Sales ratio of products that contribute to the SDGs	35%	40%	45%		50%
Contributing to establishing a recycling-based society	Ratio of reduction in CO <sub>2</sub> emissions (Scope 1+2) Zeon Group (compared to FY2020)	8%	10%	More than 10%		42%

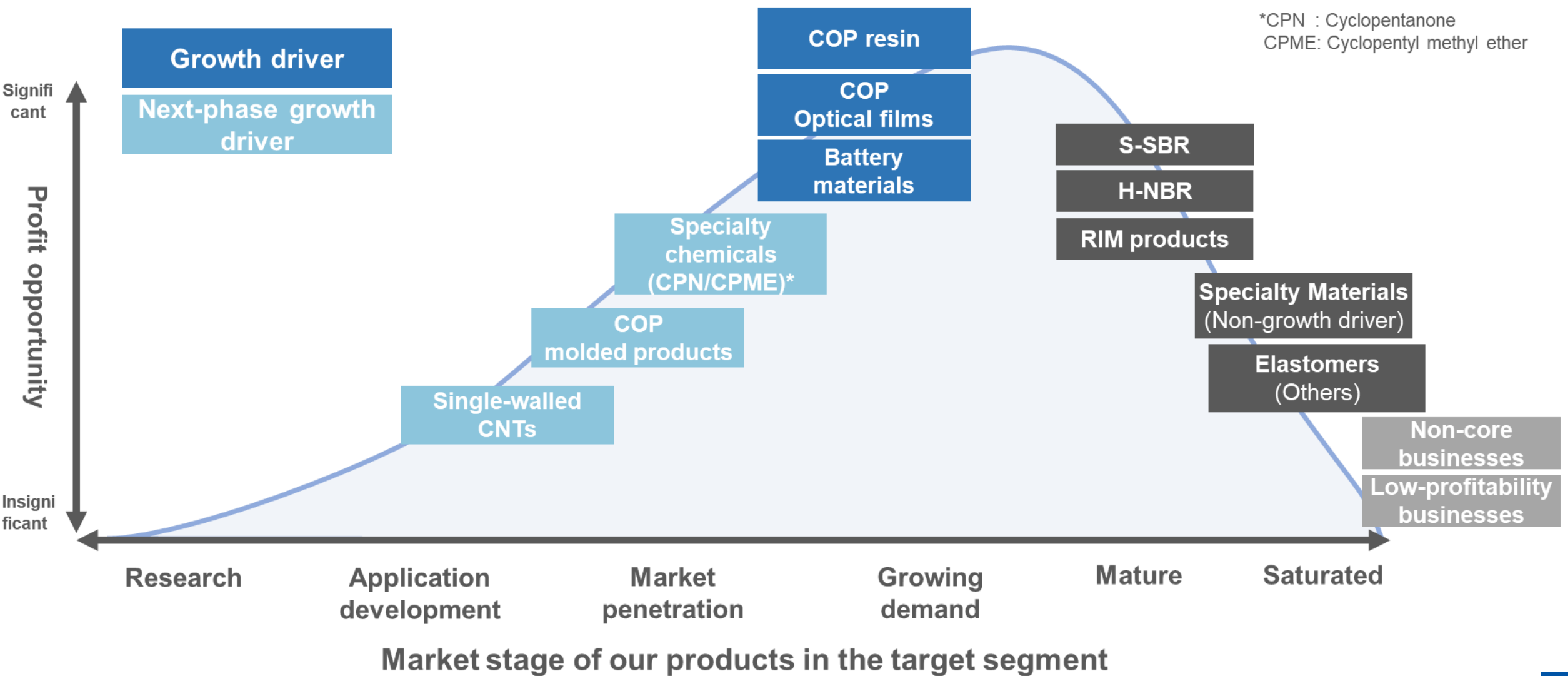
### 3. Phase 3 Financial Targets

#### Set target indicators to measure scale growth and capital efficiency

Financial Targets		Performance	Targets	Targets	Targets
		FY2024	FY2026	FY2028	FY2030
Scale growth	Net Sales	420.6 billion yen	450 billion yen	450 billion yen	
	Operating Income	29.3 billion yen	38 billion yen	42 billion yen	
	ROE	7.3%	10%	8.4%	
	EBITDA	48.8 billion yen	60 billion yen	80 billion yen	
Capital efficiency	ROIC	6.2%	6.9%	7.0%	8%
Exchange Rates(US\$)		¥ 152.8	¥ 130	¥ 140	
Naphtha(JPY/KL)		¥ 75,800	¥ 82,000	¥ 69,000	
Asian Butadiene(US\$/MT)		\$1,429	\$1,200	\$1,100	

1. Phase 3 Overview
2. Phase 2 Progress
3. Phase 3 Financial/Non-financial Targets
- 4. Phase 3 Key Products/Markets**
5. Phase 3 Other Targets
6. Financial Strategy
7. Action to Implement Management that is Conscious of Cost of  
Capital and Stock Price
8. Summary
9. Launching a New Co-creation Innovation Facility

Growth drivers to meet increasing demand; next-phase growth drivers to promote market penetration



## 4. Phase 3 Key Products/Market (Net Sales ratio of the four growth areas)

Concentrate resources on the four growth areas; drive business portfolio restructuring

FY2024 **37%**



FY2028 **48%**

Segment	Elastomers	Specialty Materials	Others
Four growth areas			
1. Mobility	H-NBR	Battery materials Single-walled CNTs	
2. Healthcare and Life Science		COP resin (Medical use, etc.) COP molded products CPME	
3. Telecommunications		COP resin (Semiconductor & Optical use) COP Optical films CPN	
4. GX	S-SBR		RIM products

Growth driver

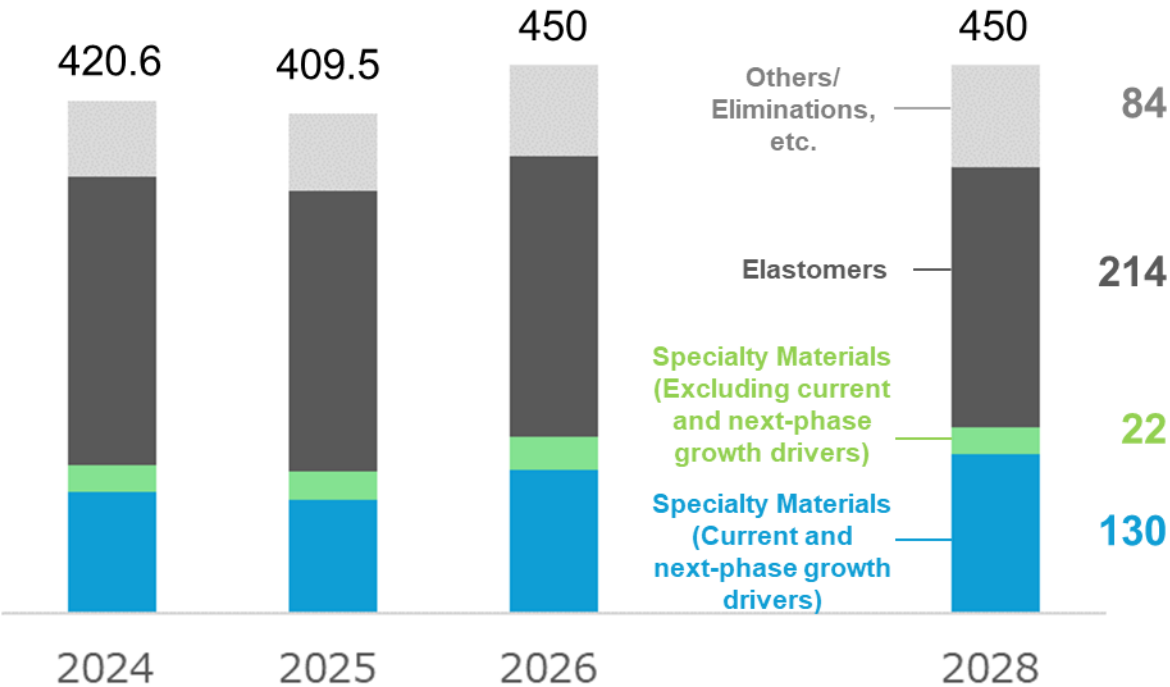
Next-phase growth driver

High-profitability products

Solidify our management foundation with Elastomers and drive expansion through current and next-phase growth drivers

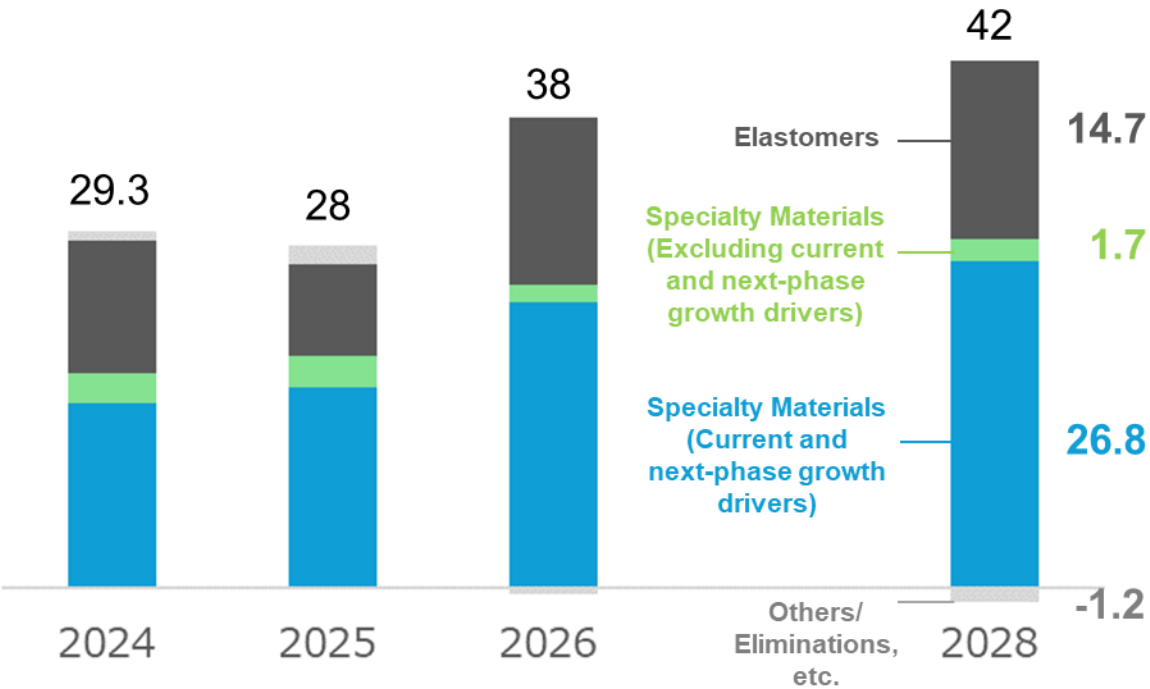
Net sales by Segment

(Unit: billion yen)



Operating income by Segment

(Unit: billion yen)

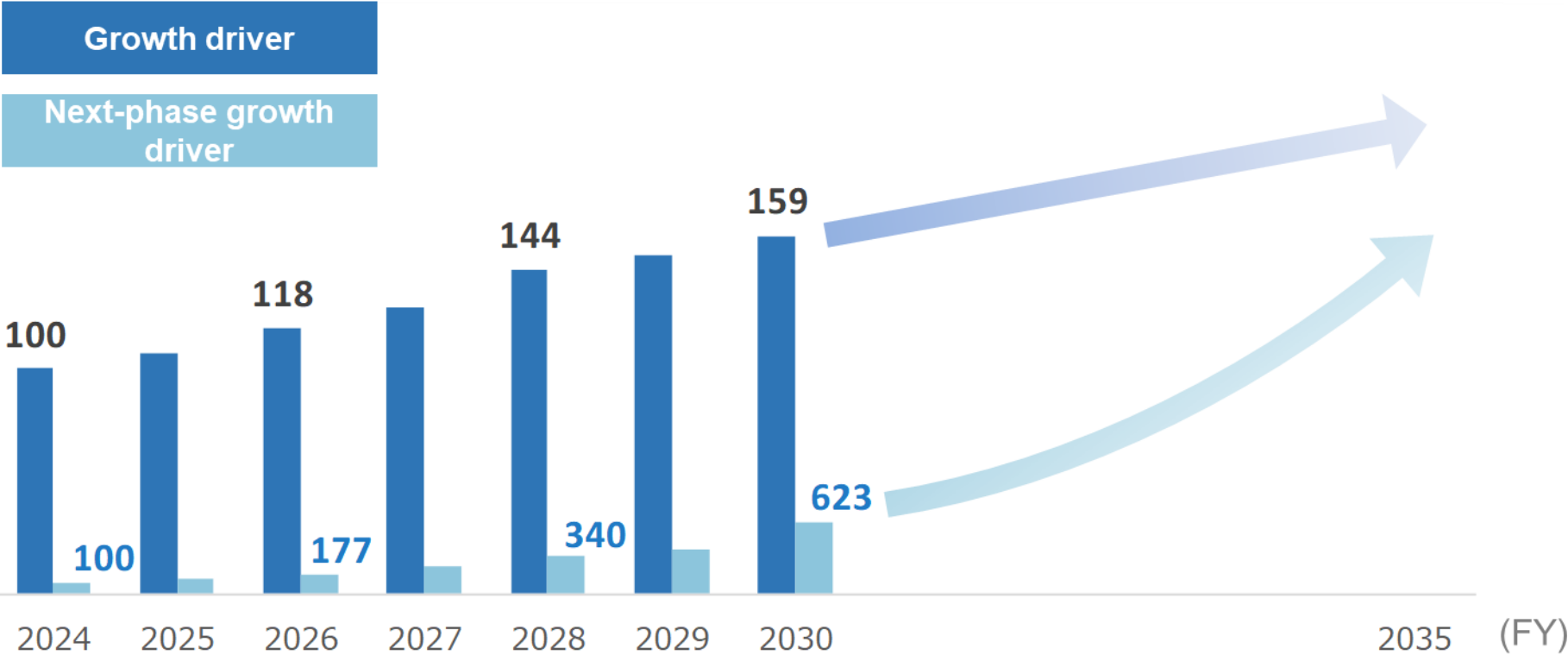


Growth drivers steadily expanding; next-phase growth drivers lay the foundation for future growth

Net Sales of current and next-phase growth drivers (Index)

[Net Sales]

Index (FY2024: 100)



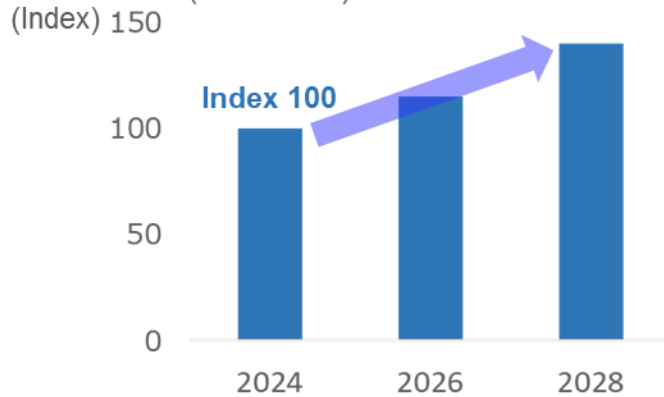


COP  
Optical films

Specialty Materials

Net Sales CAGR **12%**

(2024-2028)



55 inches and smaller: Launch new products for screens  
55 inches and above: Market-leading manufacturing capacity

Target market CAGR

TV shipment area for 55 inches and above

**7%**

(2024-2028)

Source: Compiled by our company based on materials from the OMDIA January 2025 forum

Differentiating factors

Competitive advantage

Stable TV image quality

Our estimate



ZeonorFilm®



Competitor's product

Barriers to entry

- Integrated production from resin
- Diverse film production technologies
- High supply stability through multiple production sites

Our plan

Production capacity

• FY2027 capacity expansion investment

Production facility : Himi Futagami Plant  
Production capacity: 45 million m<sup>2</sup> per year  
(World's widest)

Sales plan

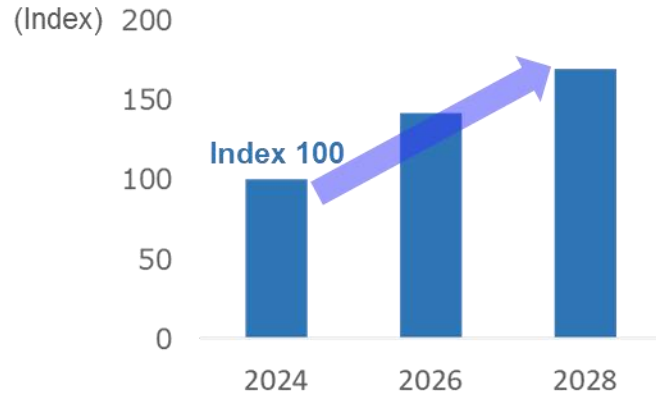
Align with major LCD panel manufacturers on medium- to long-term demand and supply plans (Agreement)

## COP resins (Semiconductor use)

## Specialty Materials

Net Sales CAGR **19%**

(2024-2028)



100% share for advanced semiconductors  
⇒ Grow alongside the high growth rate of the market

## Target market CAGR

Overall semiconductor market

**10%**

(2023-2030)

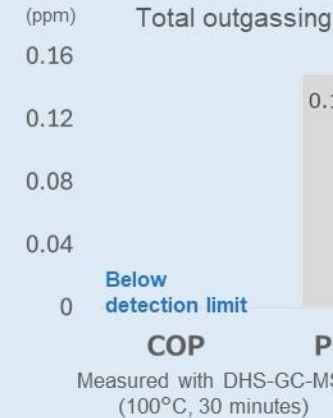
Source: Compiled by our company based on WSTS, Gartner, and SEMI Forecast 4Q 2023

## Differentiating factors

### Competitive advantage

Ultra-clean resin prevents contamination of contents

- Low outgassing
- Low impurity



## Our plan

### Production capacity

- New plant construction  
(Operation start from H2 FY2028)

### Sales plan

- Already adopted by multiple advanced semiconductor manufacturers (100% share)
- Adoption expansion due to advances in miniaturization

## Barriers to entry

- Track record of adoption by advanced semiconductor manufacturers (High cost of switching)
- High supply stability through multiple production sites
- Ultra-clean product manufacturing equipment

COP resins (Medical use, etc.)

Specialty Materials

Net Sales CAGR **23%**

(2024-2028)



Competitive advantage & pricing strategy & service improvement & promotion enhancement  
⇒ Increase share

Target market CAGR

Plastic prefilled syringe market

**15%**

(2024-2030)

Source: From MarketsandMarkets Prefilled Syringes Market

Differentiating factors

Competitive advantage

Differentiation from other resins (PP, etc.)

- Chemical resistance
- Storage stability
- High transparency
- Low adsorption (proteins/nucleic acids)
- Low impurities (low elution)



Barriers to entry

- Long-term adoption track record (High cost of switching)
- High supply stability through multiple production sites
- Ultra-clean product manufacturing equipment

Our plan

Production capacity

- New plant construction  
(Operation start from H2 FY2028)

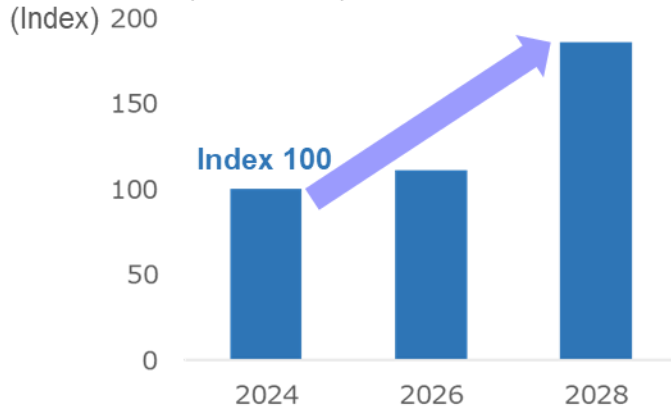
Sales plan

- Enhance the pipeline through collaboration with pharmaceutical companies and packaging material companies
- Focus on the expanding biopharmaceutical field

## Battery materials (Adhesives for the separator)

Net Sales CAGR **17%**

(2024-2028)



Competitive advantage & pricing strategy & service improvement & promotion enhancement  
⇒ Increase share

## Target market CAGR

Asian EV market

**14%**

(2024-2030)

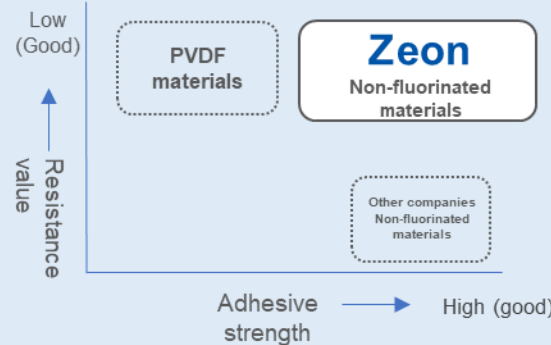
Our estimate

## Specialty Materials

### Differentiating factors

#### Competitive advantage

Eliminated the trade-off between resistance value and adhesive strength



#### Barriers to entry

- Polymer design + fine particle structure control technology
- Specialized manufacturing equipment + two-site BCP
- Extensive patent network
- Strong brand presence as battery materials supplier

### Our plan

#### Production capacity

- Two-site supply system in Japan and Thailand

#### Sales plan

- Begin supplying multiple major battery manufacturers

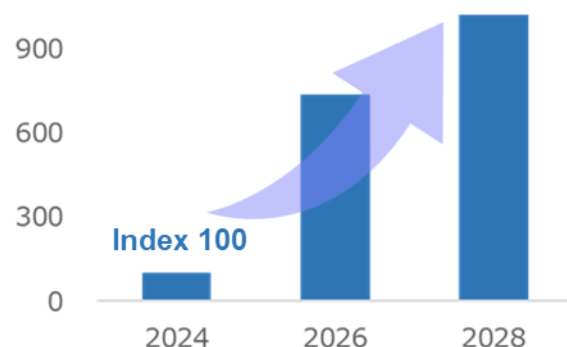


## Battery materials (High-performance anode binders)

Net Sales CAGR **79%**

(2024-2028)

(Index) 1,200



Competitive advantage & pricing strategy & service improvement & promotion enhancement  
⇒ Increase share

## Target market CAGR

U.S. EV market

**35%**

(2024-2030)

U.S. ESS market

**14%**

(2024-2028)

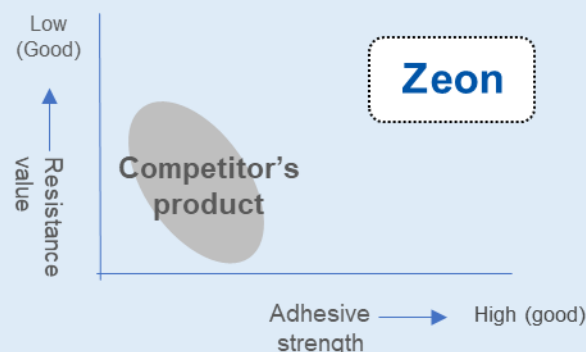
Our estimate

## Specialty Materials

### Differentiating factors

#### Competitive advantage

Eliminated the trade-off between resistance value and adhesive strength



#### Barriers to entry

- Polymer design + fine particle structure control technology
- Specialized manufacturing equipment
- Extensive patent network
- Strong brand presence as battery materials supplier

### Our plan

#### Production capacity

- Expand domestic production capacity
- Reconsider capital investment in North America

#### Sales plan

- Supply agreement with major U.S. battery manufacturer
- Expanding adoption for high-end batteries

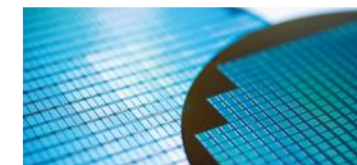
# 4. Phase 3 Key Products/Market

Next-phase growth driver

ZEON

Specialty chemicals  
CPN (Polyimide photoresist developer use)

Specialty Materials



Net Sales CAGR **19%**

(2024-2030)



Strength in the high-growth advanced semiconductor market  
⇒ Maintain high market share

Target market CAGR

Overall semiconductor market

**10% \***

(2023-2030)

Market size based on our estimate  
(Polyimide negative-type developer)

**15 billion yen**

(2030)

\*Source: Compiled by our company based on WSTS, Gartner, and SEMI Forecast 4Q 2023

Differentiating factors

Competitive advantage

Achieves both excellent developability and safety

Key characteristics for advanced semiconductors

High	 NMP	 CPN
Low	 DMAc	 CHN
	Low	High

Developability

Safety

Barriers to entry

- Track record of adoption by advanced semiconductor manufacturers (High cost of switching)
- Stable supply through in-house raw material (C5)
- Low geopolitical risk / production within the same region as consumption

Our plan

Production capacity

- Plan to expand capacity  
Considering doubling current capacity

Sales plan

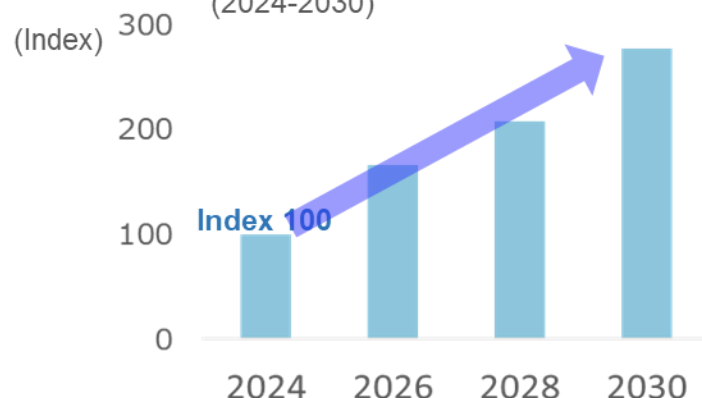
- Maintain high market share
- Align with major semiconductor manufacturers on medium- to long-term demand and supply plans (Agreement)

## Specialty chemicals CPME (Solvents for pharmaceutical synthesis use)

## Specialty Materials

Net Sales CAGR **23%**

(2024-2030)



Competitive advantage & pricing strategy & service improvement & promotion enhancement  
⇒ Capture market share from THF

## Target market CAGR

Pharmaceutical market

**6%\***

(2022-2028)

THF market size based on our estimate  
(Market for pharmaceuticals)

**25 billion yen**

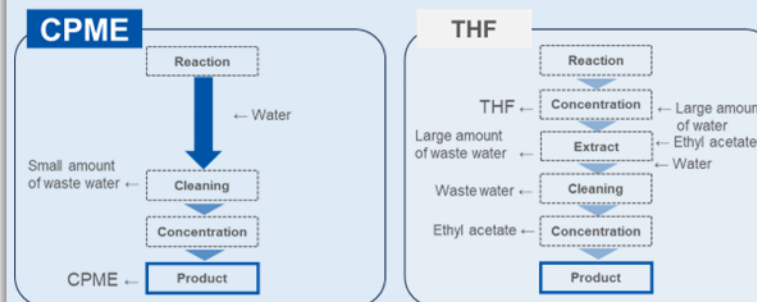
(2030)

\*Source: From Evaluate Pharma World Preview Outlook to 2028

## Differentiating factors

### Competitive advantage

Significantly simplify the drug manufacturing process



## Barriers to entry

- Track record of market adoption across various pharmaceuticals (High cost of switching)
- Stable supply through in-house raw material (C5)

## Our plan

### Production capacity

- Plan to expand capacity Considering increasing current capacity several times

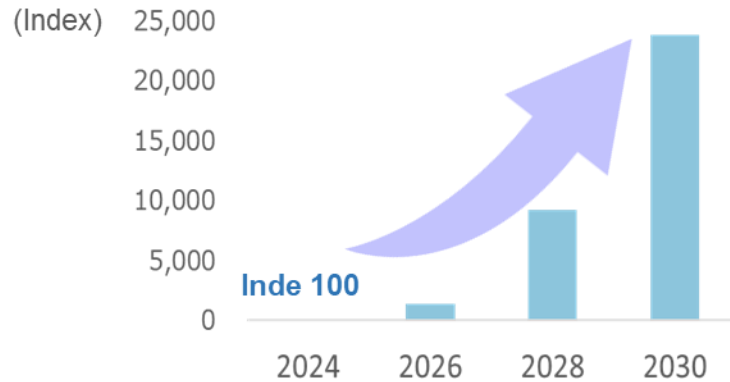
### Sales plan

- Market growth of various pharmaceuticals already adopted
- Enhance the pipeline through collaboration with major pharmaceutical companies

## COP molded products (Cell Culture Microplate)

Net Sales CAGR **200%**

(2024-2030)



Competitive advantage & pricing strategy & service improvement & promotion enhancement  
⇒ Capture market share from PS plates

## Target market CAGR

Cell culture plate market

**9%**

(2024-2030)

**15 billion yen**

(2030)

Source: Compiled by our company based on the Business Research Company's data

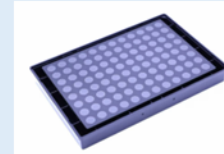
## Specialty Materials

Differentiating factors

### Competitive advantage

Proprietary specialized culturing process

Resolution	High	Other companies' COP Plate	<b>Zeon Plate</b>
	Low	Polystyrene Plate	
		Low	High
		Storage stability	



## Our plan

### Production capacity

- Two-site supply system in Japan and the U.S.  
500,000/year — Japan  
400,000/year — U.S. (OEM)

### Sales plan

- Expand adoption among major pharmaceutical companies in Europe and the U.S.

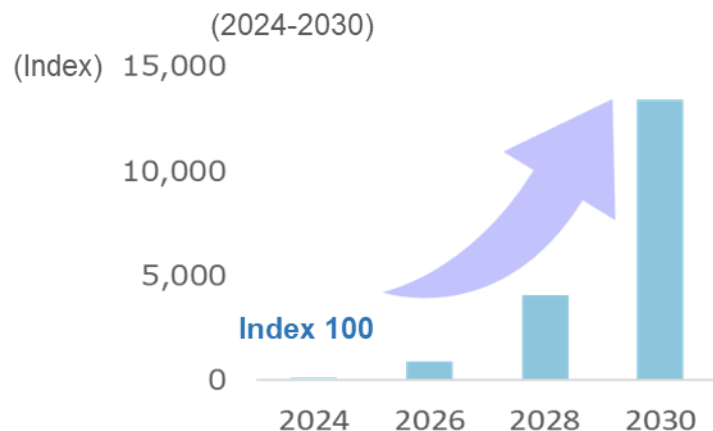
## Barriers to entry

- Vertically integrated model from COP raw materials to molded products
- Adoption of in-house COP optical films
- Product development tailored to customer needs
- Extensive patent network



## Single-walled CNTs (LIB use)

Net Sales CAGR **166%**



Competitive advantage & pricing strategy & service improvement & promotion enhancement  
⇒ Capture market share from other companies' single-walled CNTs

## Target market CAGR

Single-walled CNTs for LiB market

**72%**  
(2024-2030)

**110 billion yen**  
(2030)

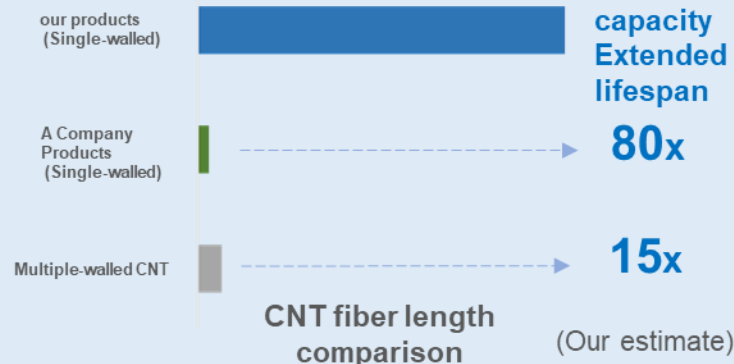
Our estimate

## Specialty Materials

### Differentiating factors

#### Competitive advantage

Improve battery performance with ultra-long fibers



#### Barriers to entry

- Mass production technology and equipment using the Super Growth Method
- Low geopolitical risk
- Extensive patent network



### Our plan

#### Production capacity

- Plan capacity expansion in response to growing demand

#### Sales plan

- Vertical integration model through capital participation in conductive paste manufacturer SiAT\* (Raw materials → conductive paste)
- Enhance the pipeline with battery manufacturers

\*Sino Applied Technology Co., Ltd. (Taoyuan City, Taiwan)

1. Phase 3 Overview
2. Phase 2 Progress
3. Phase 3 Financial/Non-financial Targets
4. Phase 3 Key Products/Markets
- 5. Phase 3 Other Targets**
6. Financial Strategy
7. Action to Implement Management that is Conscious of Cost of Capital and Stock Price
8. Summary
9. Launching a New Co-creation Innovation Facility

## 5. Phase 3 Other Targets

Materiality	Establishing solid governance	Creating a truly exciting company	Providing unique value through innovation	Transforming business structure to respond to social changes	Contributing to establishing a recycling-based society
Targets for FY2028: KPI	Lost time accident frequency rate <b>0.4 or less</b>	Engagement survey items  Employee engagement <b>60%</b>  Environment maximizing employee potential <b>60%</b>  ZEON Healthy Behavior Indicators <b>70%</b>	ROIC <sup>*3</sup> <b>7.0%</b>	Sales ratio of the four growth areas <b>48%</b>	Ratio of reduction in CO <sub>2</sub> emissions (Scope 1+2) Zeon Group (compared to FY2020) <b>More than 10%</b>
	Cross-shareholdings as ratio of net assets <b>Less than 5%</b>		EBITDA <b>80 billion yen</b>	Sales ratio of products that contribute to the SDGs <b>45%</b>	
	ROE <b>8.4%</b>		Number of externally partnered research themes — Cumulative total from FY2023 to FY2028 <b>22</b>		
	Ratio of outside directors <sup>*1</sup> <b>Majority</b>				
	Ratio of foreign national and/or female directors and officers <sup>*2</sup> <b>28%</b>				
		<sup>*1</sup> Excluding auditors <sup>*2</sup> Internal and external directors and auditors	<sup>*3</sup> The formula for ROIC is as follows: <div>Consolidated operating income × (1 - Income taxes and related levies / Earnings before tax)</div> <div>Interest-bearing debt + Net assets</div>		

## 5. Phase 3 Other Targets (Lost time accident frequency rate)

Establishing  
solid governance

**ZEON**

Changed from lost time accidents to lost time accident frequency rate  
⇒ Enables benchmarking of safety status

Phase 2 target

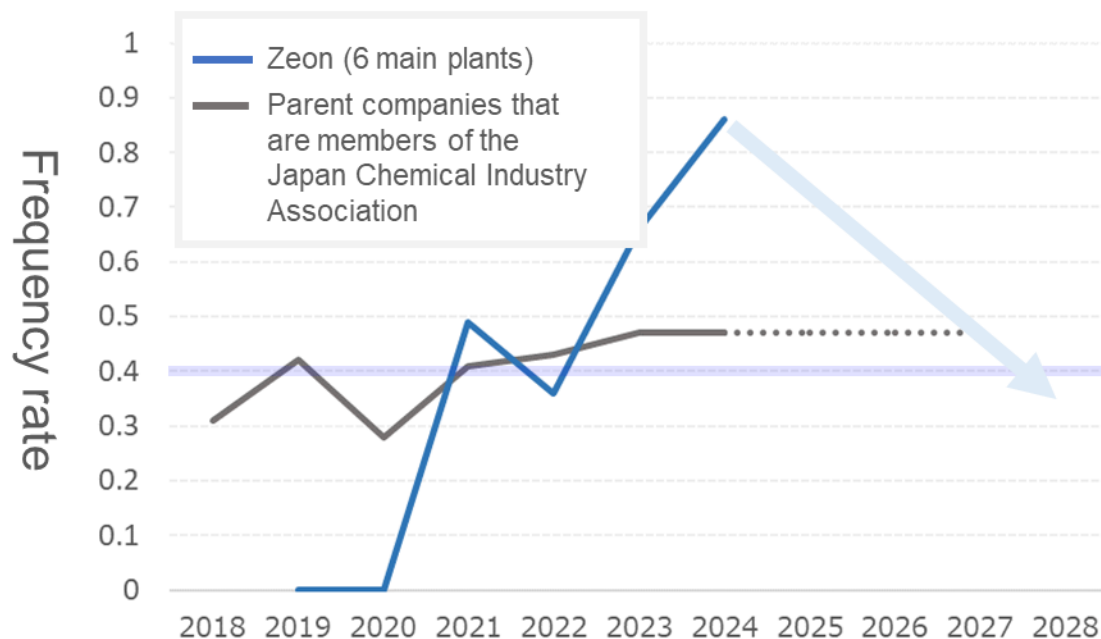
Lost time accidents **0**

Indicator that does not allow  
evaluation of safety activity efforts

Phase 3 target (FY2028)

Lost time accident  
frequency rate **0.4**  
or less

Make it possible to compare safe conditions with other companies  
(Introduce management indicators from the Japan Chemical  
Industry Association)



Frequency rate  
= Lost time accident victims / Total working hours (per 1 million hours)

### Measures for achievement

- Enhance training for operating personnel
- Thorough dialogue on-site (risk identification)
- Utilization of internal and external knowledge

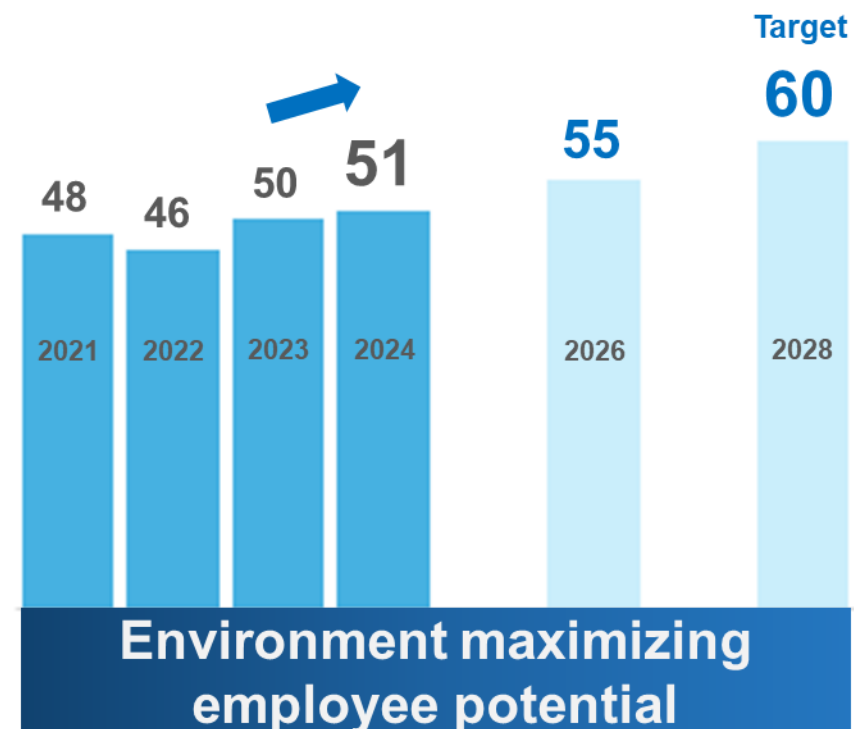
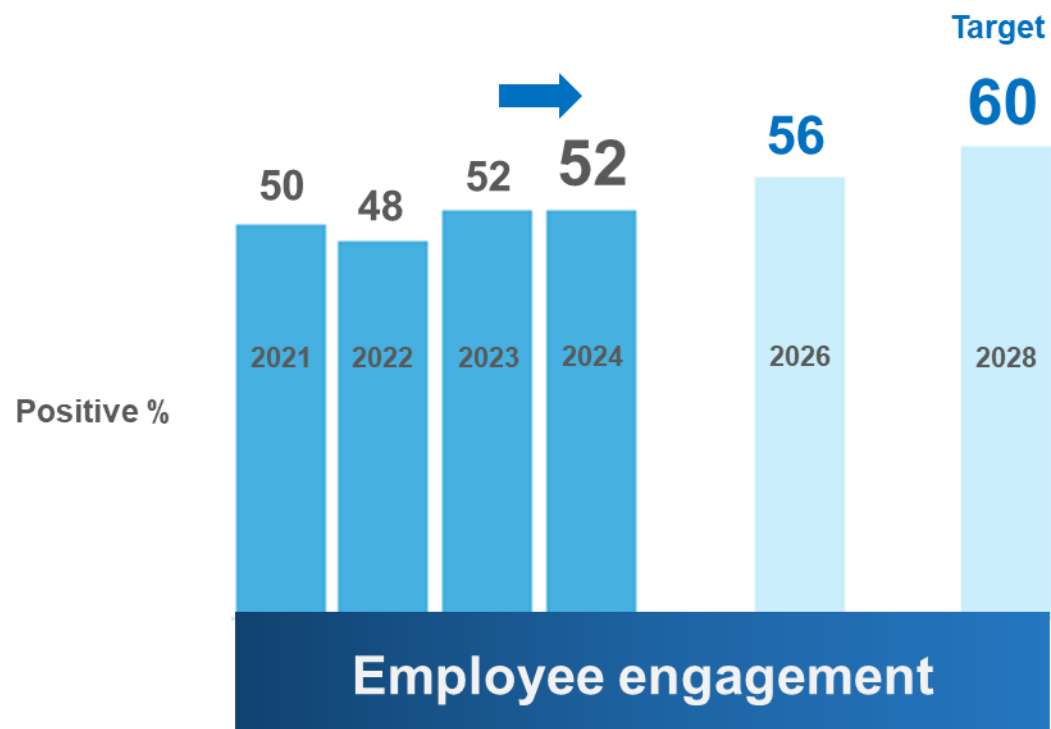
Source: Prepared in-house based on the website of the Japan Chemical Industry Association (General Incorporated Association)

## 5. Phase 3 Other Targets (Employee engagement)

Creating a truly  
exciting company

**ZEON**

### Stagnation in engagement survey results



Engagement and environment maximizing employee potential both stagnant ⇔ Low scores on questions related to fulfilment

- ▶ Support for career development (e.g., career dialogues aligning Will, Can, and Need)
- ▶ Create opportunities for taking on challenges (e.g., encouraging employees to take on challenges and preparing to introduce a personnel system for general staff that supports career development)

## Stagnation in ZEON Healthy Behavior Indicators

### ZEON Healthy Behavior Indicators

=

Percentage of individuals achieving  
two or more of items (1) to (3)

(1) BMI within the  
standard range

(2) Has an exercise  
habit

(3) Does not smoke  
cigarettes

Maintaining good  
condition

- Blood pressure
- Blood sugar
- Lipids

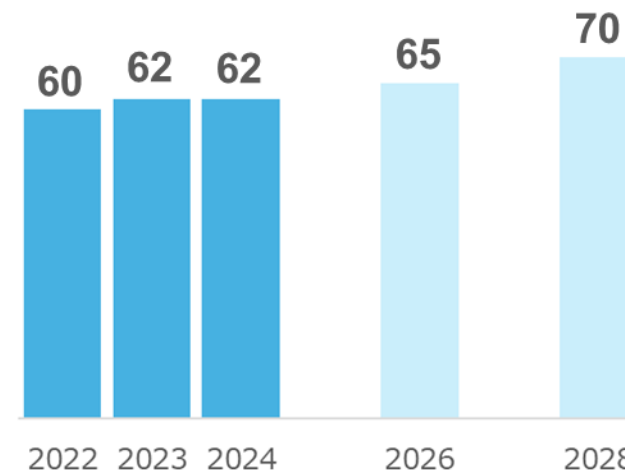
Reduce risk of  
lifestyle-related  
diseases\*

\*Diseases in which lifestyle  
habits are a contributing  
factor, such as cancer,  
heart disease, stroke, and  
diabetes

**Company vision**

Realization of a  
healthy and  
vibrant life

### Trend in results



## Initiatives to improve ZEON Healthy Behavior Indicators

### (1) BMI within the standard range

- Support for building exercise habits  
(See (2) on the right)
- Provision of healthy menu options at workplace  
cafeterias, etc.
- Improving the implementation rate of specified  
health guidance

### (2) Has an exercise habit

- Company-wide walking and similar events held
- Continuation of workplace activities  
(Fitness assessments and support for hobby clubs)

### (3) Does not smoke cigarettes

- Initiatives for no smoking on premises and during  
working hours (FY2027 target)
- Offering support programs to help employees quit  
smoking  
(Smoking cessation outpatient services, cessation aids,  
smoking cessation challenge)



## 5. Phase 3 Other Targets (Number of externally partnered research themes)

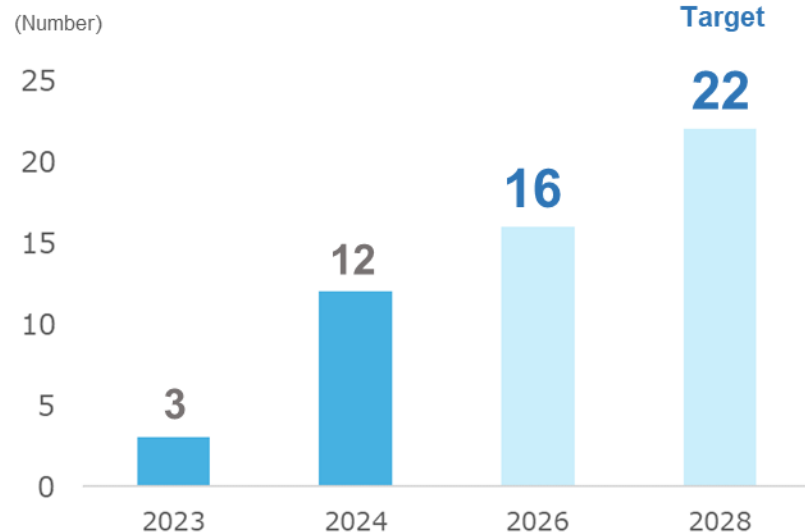
Providing unique  
value through innovation

**ZEON**

### Accelerate innovation by integrating internal and external knowledge

#### Externally partnered research themes\*

(Cumulative total for FY2023-FY2028)



\*Defined as themes that meet the following two criteria  
(1) Themes developed in collaboration with startups, etc.  
(2) Themes determined to have a high probability of adoption by customers based on our judgment

#### Initiatives for innovation

##### Co-creation with external partners

Strengthen hubs for external collaboration



Kawasaki Innovation Frontier Port (KIFP)

##### CVC activities

Accelerate new business exploration



► Nuclear fusion power development



► Next-generation CAR-T cells



► Liquid fuel



► Bio-isoprene, SAF



► Solar cells for space use

## 5. Phase 3 Other Targets (Sales ratio of products that contribute to the SDGs)

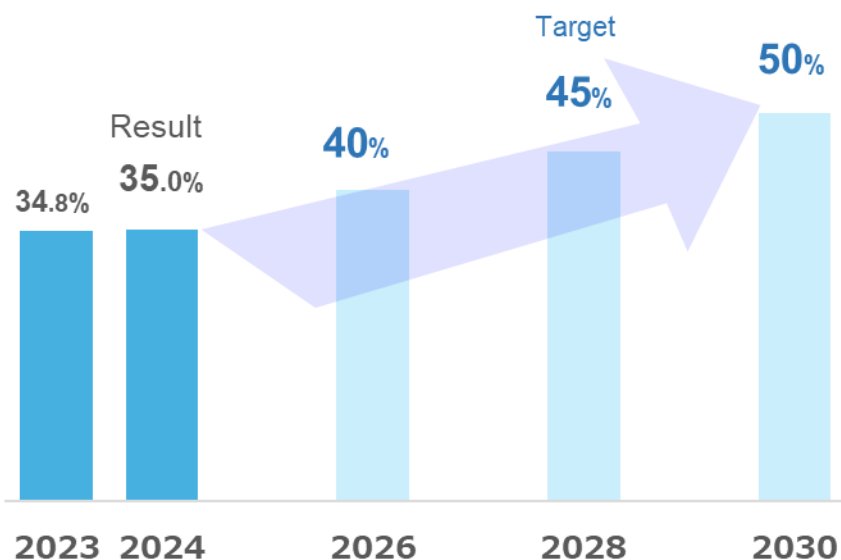
Transforming business  
structure to respond  
to social changes

**ZEON**

### Expand review coverage to the entire group; increase number of certified products to 45

Get certified through internal review based on criteria such as solving social issues, business sustainability, and innovation

#### Actual and target sales ratio of products that contribute to the SDGs



#### Examples of certified products / Main applications

**S-SBR**  
Fuel-efficient tires



**COP Optical films**  
Retardation film  
for displays



**RIM products  
for body panels**  
Body parts for trucks,  
buses, and  
agricultural/construction  
machinery



#### Reason for certification

- Contributes to improved fuel efficiency in automobiles and reduction of GHG emissions
- Contributes to preventing air pollution by suppressing dust generation through improved wear resistance
- Contributes to waste reduction in the reuse process of film scrap, etc.
- Contributes to waste reduction by reducing the use of in-process materials
- Contributes to GHG emissions reduction through low carbon footprint materials
- Contributes to waste reduction through thermal recycling and other methods

#### Applicable SDGs





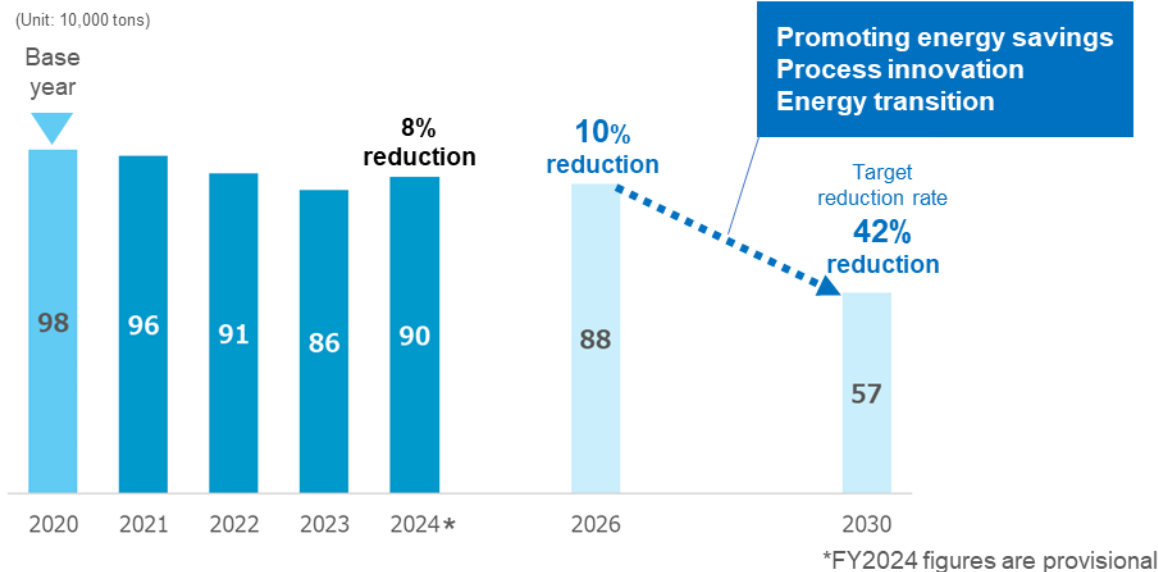
## 5. Phase 3 Other Targets (Ratio of reduction in CO<sub>2</sub> emissions)

Ratio of reduction  
in CO<sub>2</sub> emissions

ZEON

Take on the challenge of realizing a circular society with external collaboration in view

### Scope 1 and 2: CO<sub>2</sub> emissions and reduction rate (vs. FY2020 baseline)



### COP recycling plant operations

Operations launch in 2025  
CO<sub>2</sub> reduction amount: 12,000 tons reduced compared to unused resin

### Energy transition initiatives at domestic plants

- Transition to 100% renewable energy
- Carbon offsetting city gas
- Green heat certificate

### Scope 3: Advancing a circular society by shifting to alternative raw materials

#### NEDO\* Green Innovation Fund Project

Development theme for carbon resource recycling-based core chemical production technology for synthetic rubber

- 1) High-efficiency butadiene synthesis from ethanol  
Bench-scale facility\*\* to begin operation in 2026 (Tokuyama Plant)
- 2) Development of bio-butadiene and bio-isoprene production technology from plant-based raw materials

\* New Energy and Industrial Technology Development Organization (National Research and Development Agency)

\*\* Large-scale facility for obtaining the data necessary to transition to continuous demonstration equipment (pilot facility) for commercialization

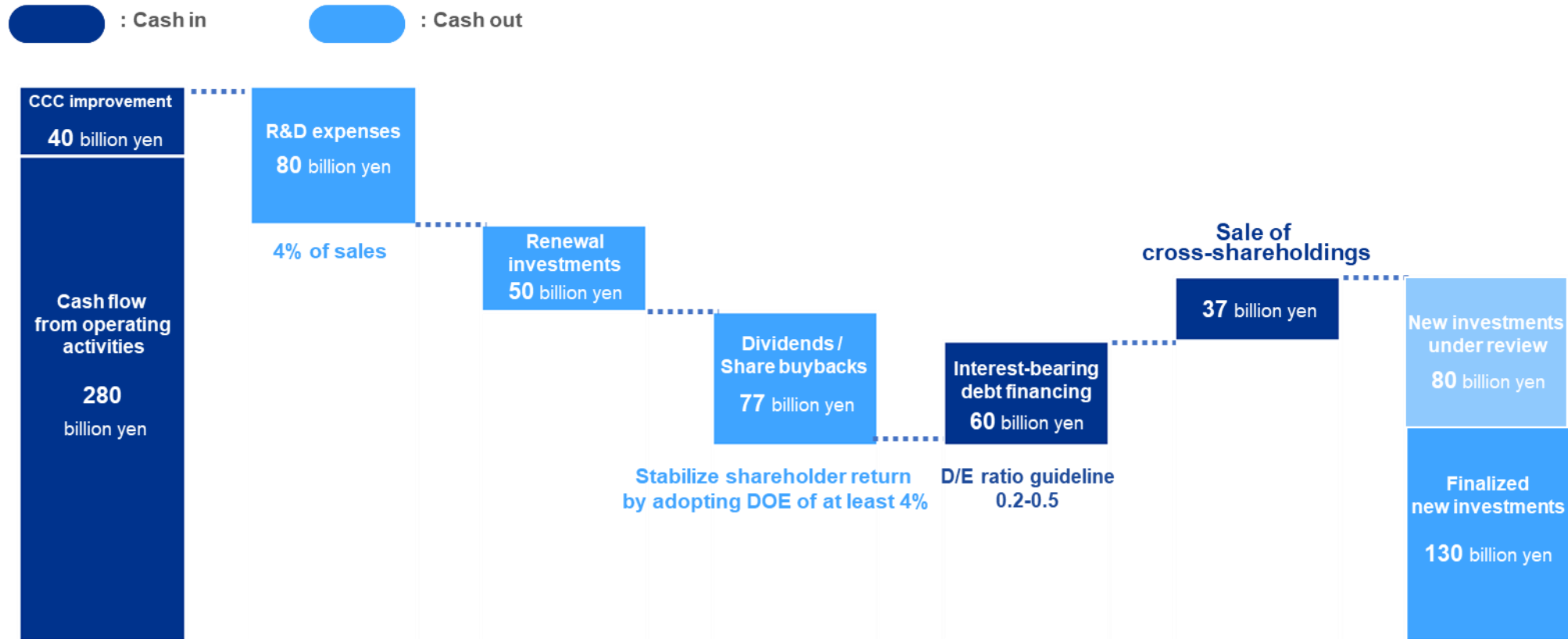
#### Next-generation bio-based material commercial production facility

Promote collaboration with Visolis, Inc. (California, USA)  
Preparation phase for construction of commercial production facilities for bio-isoprene monomer and SAF

1. Phase 3 Overview
2. Phase 2 Progress
3. Phase 3 Financial/Non-financial Targets
4. Phase 3 Key Products/Markets
5. Phase 3 Other Targets
- 6. Financial Strategy**
7. Action to Implement Management that is Conscious of Cost of  
Capital and Stock Price
8. Summary
9. Launching a New Co-creation Innovation Facility

## 6. Financial Strategy (CF allocation)

Funds generated through working capital improvement and leverage utilization are concentrated on portfolio enhancement



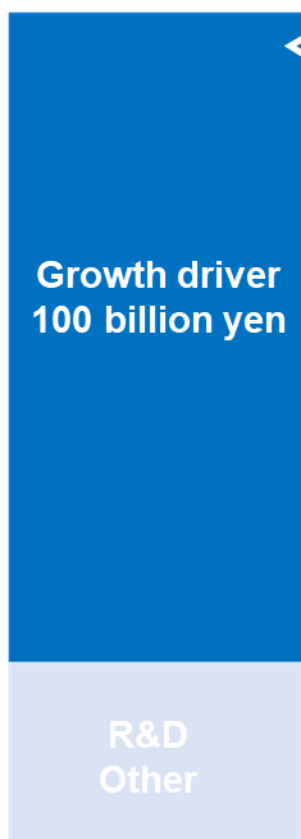
\*The ratio of cross-shareholdings to net assets is planned to be less than 5% by the end of FY2026, with further reductions targeted toward FY2028

\*New investment projects under review will be evaluated against investment criteria and decided by the announcement of the next phase

### New investments totaling ¥130 billion already decided; investments concentrated in growth drivers

#### [Finalized investments]

Total from FY2025-FY2028  
130 billion yen



- New COP plant \*Announced June 2024
- New COP Optical film plant and Others

#### [Investments under review]

Total from FY2025-FY2028  
80 billion



Investments under review: ¥80 billion

- Film processing equipment
- CPN/CPME capacity increase
- KIFP prototype equipment
- CVC investment
- Carbon neutrality investment

#### [Investment criteria]

- Set a hurdle rate exceeding the cost of capital
- Make decision based on NPV/IRR

#### [Investment management criteria]

- Make judgment and decisions through multiple committees
- Regularly verify investment effectiveness

\*In the case of an M&A, decisions will be made based on the above investment criteria  
Assume interest-bearing debt will be raised within the D/E ratio guideline

Continue with the existing shareholder return policy

Shareholder Return Policy

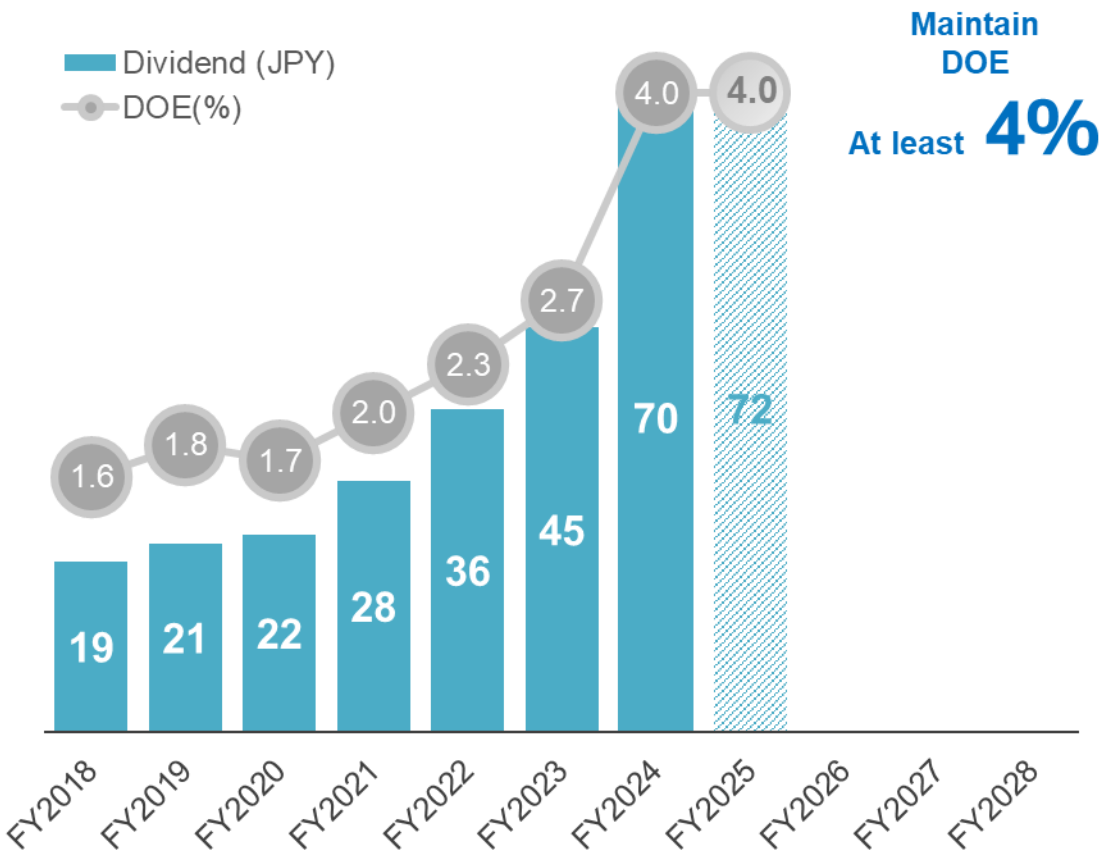
1 Adopt DOE as a KPI for dividends and **DOE of at least 4%**

2 Share buyback (planned)

FY2024—FY2026

**¥40.0B**

- FY2024 ¥20.0B (Carried out)
- FY2025 ¥10.0B (Determined)
- FY2026 ¥10.0B (Forecast)



## Expand interest-bearing debt financing in line with investments; optimize capital composition

### BS management policy

- **Proactive investment execution and capital composition optimization**  
Equity ratio at the end of FY2028 recognized as high  
Leverage debt while maintaining balance with investments
- **Financial discipline to maintain a single-A credit rating**
- **Reduce accounts receivable and inventory to improve CCC**  
Continue to reduce assets beyond FY2028

End of FY2024

Estimate at the end of FY2028

(Unit: billion yen)

298.1	152
	23.8
235.7 (14.7%)	358 (0.07)

Cross-shareholdings  
as ratio of net assets 14.7%  
D/E ratio 0.07  
Equity ratio 67%

(Unit: billion yen)

Current assets 280	Current liabilities 180
	Non-current liabilities 60
Non-current assets 340 Cross-shareholdings as ratio of net assets Less than 5%	Net assets 380 D/E ratio Maintain 0.5 or lower

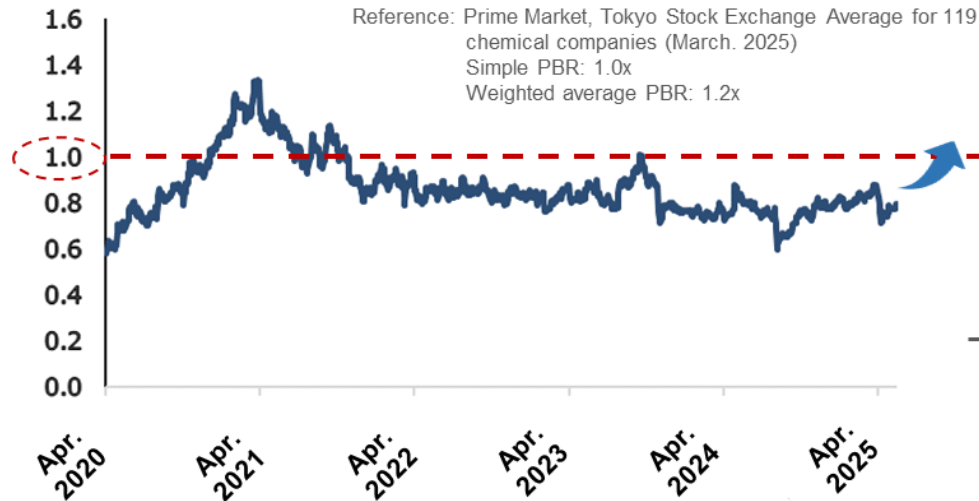
Cross-shareholdings  
as ratio of net assets < 5%  
D/E ratio ≤ 0.5  
Equity ratio ≥ 50%

1. Phase 3 Overview
2. Phase 2 Progress
3. Phase 3 Financial/Non-financial Targets
4. Phase 3 Key Products/Markets
5. Phase 3 Other Targets
6. Financial Strategy
- 7. Action to Implement Management that is Conscious of Cost of Capital and Stock Price**
8. Summary
9. Launching a New Co-creation Innovation Facility

# 7. Action to Implement Management that is Conscious of Cost of Capital and Stock Price

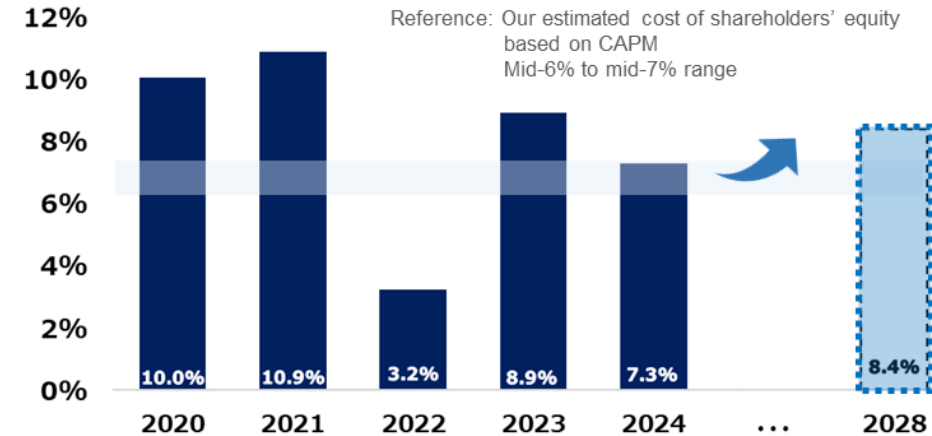
## Price Book-value Ratio (PBR) (x)

0.8x as of the end of FY2024



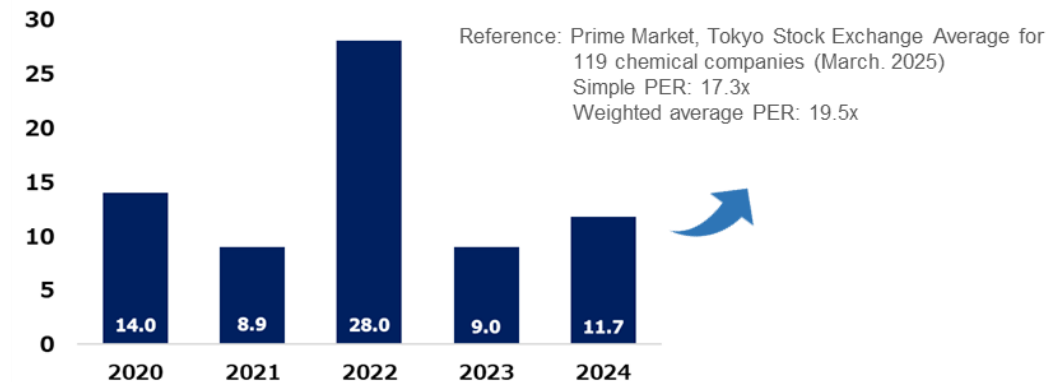
\*PBR: Prepared based on SPEEDA (Market cap (after adjustment for treasury shares) / Total shareholders' equity (fiscal year result))

## Return On Equity (ROE) (%)



**FY2028  
ROE  
8.4%** > **Cost of  
shareholders'  
equity**

## Price Earnings Ratio (PER) (%)



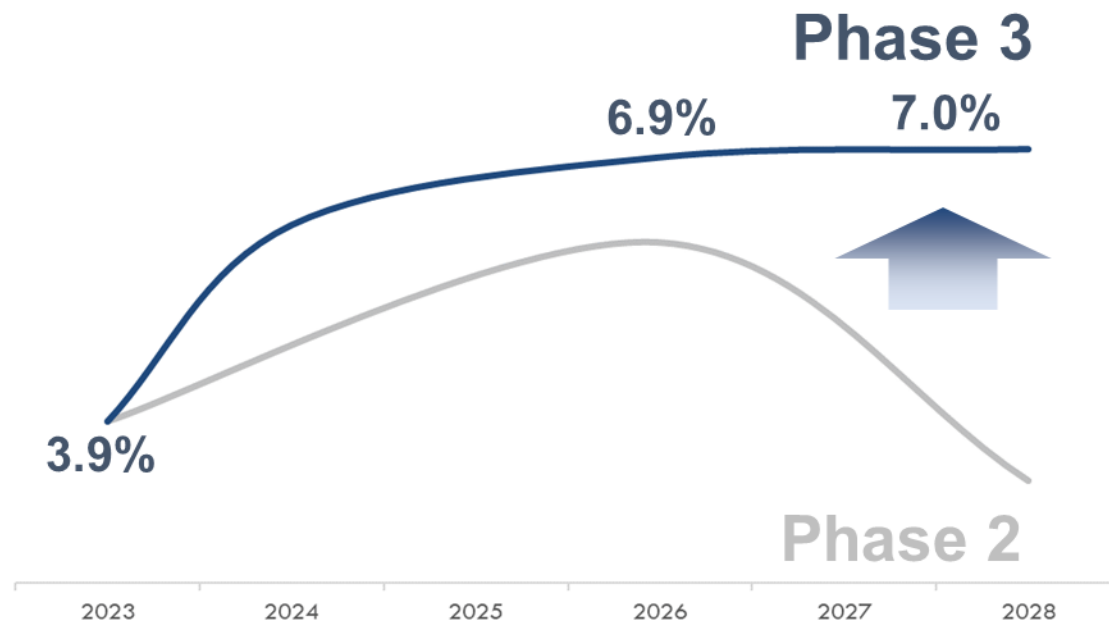
- Steadily execute the Medium-Term Business Plan
  - ▶ Maintain/improve the status of ROE > cost of shareholders' equity
- Enhance dialogue with shareholders and investors
  - ▶ Achieve a PER above the industry average ASAP



## 7. Action to Implement Management that is Conscious of Cost of Capital and Stock Price

FY2028 ROIC is expected to improve by 7% owing to comprehensive cost reductions and improvements in CCC

### ► Initiatives to improve ROIC



[NOPAT]

- Reduce cost of regular maintenance
- Review repair costs
- Review expenses

[Invested capital]

Improve CCC by 30 to 40 days, reduce investments

- Securitize accounts receivable
- Reduce inventory

1. Phase 3 Overview
2. Phase 2 Progress
3. Phase 3 Financial/Non-financial Targets
4. Phase 3 Key Products/Markets
5. Phase 3 Other Targets
6. Financial Strategy
7. Action to Implement Management that is Conscious of Cost of  
Capital and Stock Price
- 8. Summary**
9. Launching a New Co-creation Innovation Facility

### Transform business structure through “selection and concentration” to enhance corporate value

#### ▶ Transform business structure through “selection and concentration”

**Growth drivers** (COP resins, COP Optical films, Battery materials )

: **Expansion and establishment of optimal production structure**

**Next-phase growth drivers** (COP molded products, Specialty chemicals, Single-walled CNTs)

: **Adoption expansion and facility expansion**

Non-core businesses and Low-profitability businesses

: **Downsizing, withdrawal, and capital alliances**

#### ▶ Initiatives to improve ROIC

FY2024: **6.2%** → FY2026: **6.9%** → FY2028: **7.0%**

1. Phase 3 Overview
2. Phase 2 Progress
3. Phase 3 Financial/Non-financial Targets
4. Phase 3 Key Products/Markets
5. Phase 3 Other Targets
6. Financial Strategy
7. Action to Implement Management that is Conscious of Cost of  
Capital and Stock Price
8. Summary
- 9. Launching a New Co-creation Innovation Facility**

## 9. Launching a New Co-creation Innovation Facility

Evolve into Kawasaki Innovation Frontier Port (KIFP) equipped with a multifunctional prototyping facility

**STAGE30 (-2030)**

**2031-**

Startup support

Contract development, manufacturing, and prototyping business

Data business

Small-scale, multi-product mass production facility

Small-scale, multi-product research and prototyping facility

Co-creation innovation facility

Central research hub function

High-added-value product manufacturing facility

High-profitability elastomers: HNBR, acrylic rubber

Battery materials: Anode binders, cathode binders and adhesives for the separator

Conceptual rendering of completion in FY2026



Company plans and projections referred to in this document have been calculated based on the information currently available and therefore include elements of risk and uncertainty.  
Furthermore, due to various factors, actual business performance results may differ from those described here.

This document is a translation of the original Japanese-language and is provided for convenience only.  
In all cases, the original Japanese version shall take precedence.



## FY2026 consolidated performance targets remain unchanged; FY2026 operating income by segment has been revised

By Segment	Net Sales		Operating Income		
	FY2026 (No revisions)	FY2028	FY2026 (Before revisions)	FY2026 (After revisions)	FY2028
Consolidated Performance	450 billion yen	450 billion yen	38 billion yen	38 billion yen	42 billion yen
Elastomers	230 billion yen	214 billion yen	16.5 billion yen	13.7 billion yen	14.7 billion yen
Specialty Materials	145 billion yen	152 billion yen	25.5 billion yen	24.8 billion yen	28.5 billion yen
Others/Eliminations, etc.	75 billion yen	84 billion yen	-4 billion yen	-0.5 billion yen	-1.2 billion yen

- Compared to the announced figures for June 2024, we have revised the allocation criteria for company-wide expenses in order to more accurately reflect the actual profitability of each segment. In response to this, we have revised the plan of operating profit by segment for the FY2026.