

Mid-term Management Plan



Current Status

ZEON
ZEON CORPORATION

Kimiaki Tanaka
President

October 30, 2020

- 1. Overall Progress of SZ-20 Phase III**
- 2. Business Topics**
- 3. Response to Covid-19**

Enterprise Blueprint for 2020

**Zeon makes the Future Today
through the Power of Chemistry.**

Zeon will continue to contribute to the realization of customer dreams and a prosperous society through employees' individual growth.

**Targeting consolidated net sales of
over 500 billion yen in FY2020**

Strategy by Business Segment

Elastomer Business

- Reinforce competitive businesses by responding globally to growth markets and raising cost effectiveness.
- Explore new opportunities and achieve growth based on the Zeon's reputation in the market and relationships with customers

Specialty Materials Business

- Expand business in step with the speed of market growth and technological progress through focused investment of resources and stronger collaboration with outside players.

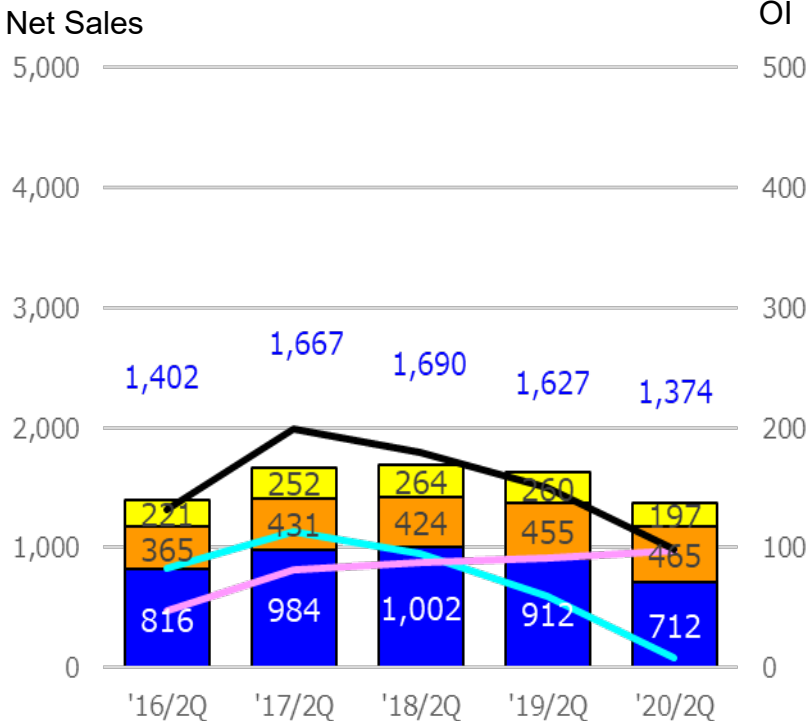
Zeon Group Financial Results

Both sales and operating income (OI) decreased YoY due to the deterioration of the global economy by the languishing US-China trade friction and the spread of Covid-19.

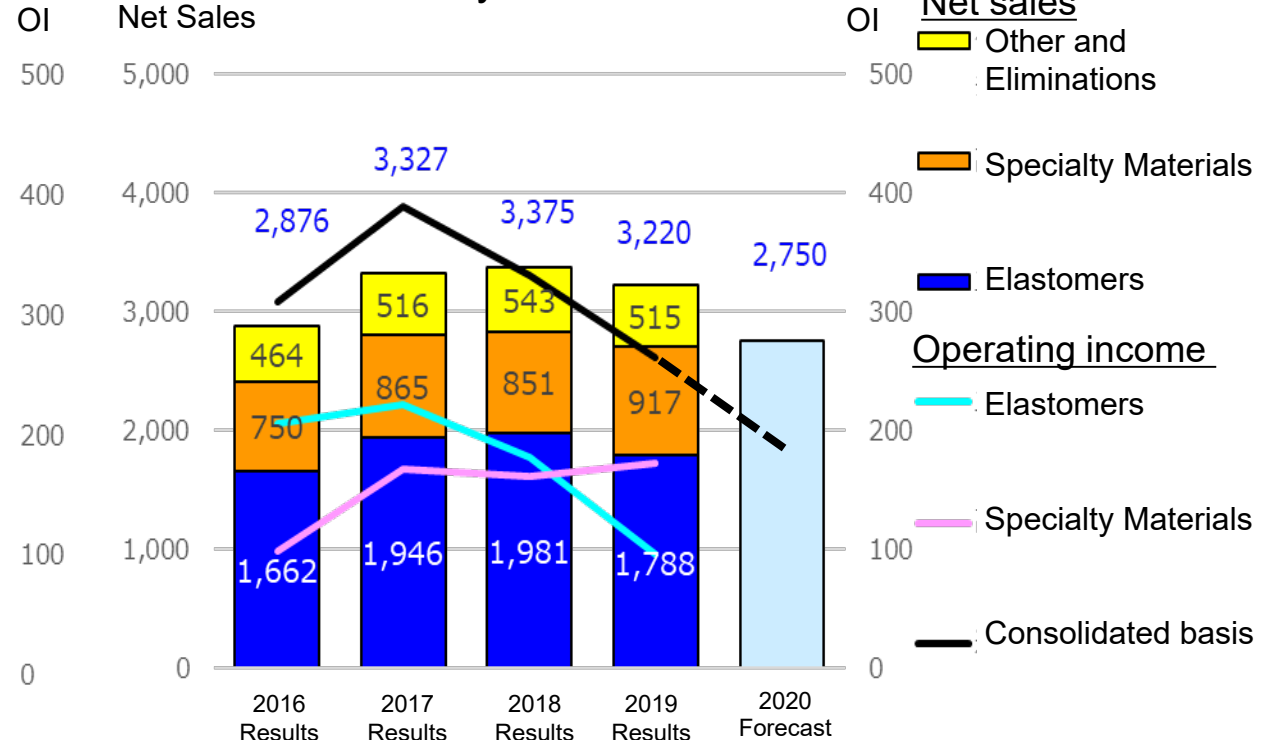
- **Elastomers:** Sluggish in automobile and general industry. Both sales and profit decreased.
- **Specialty Materials:** Increased sales and profit by the steady business in specialty chemicals and optical films. Reached sales and profit record as half-year result.

(Unit : JPY100m)

Second Quarter Results



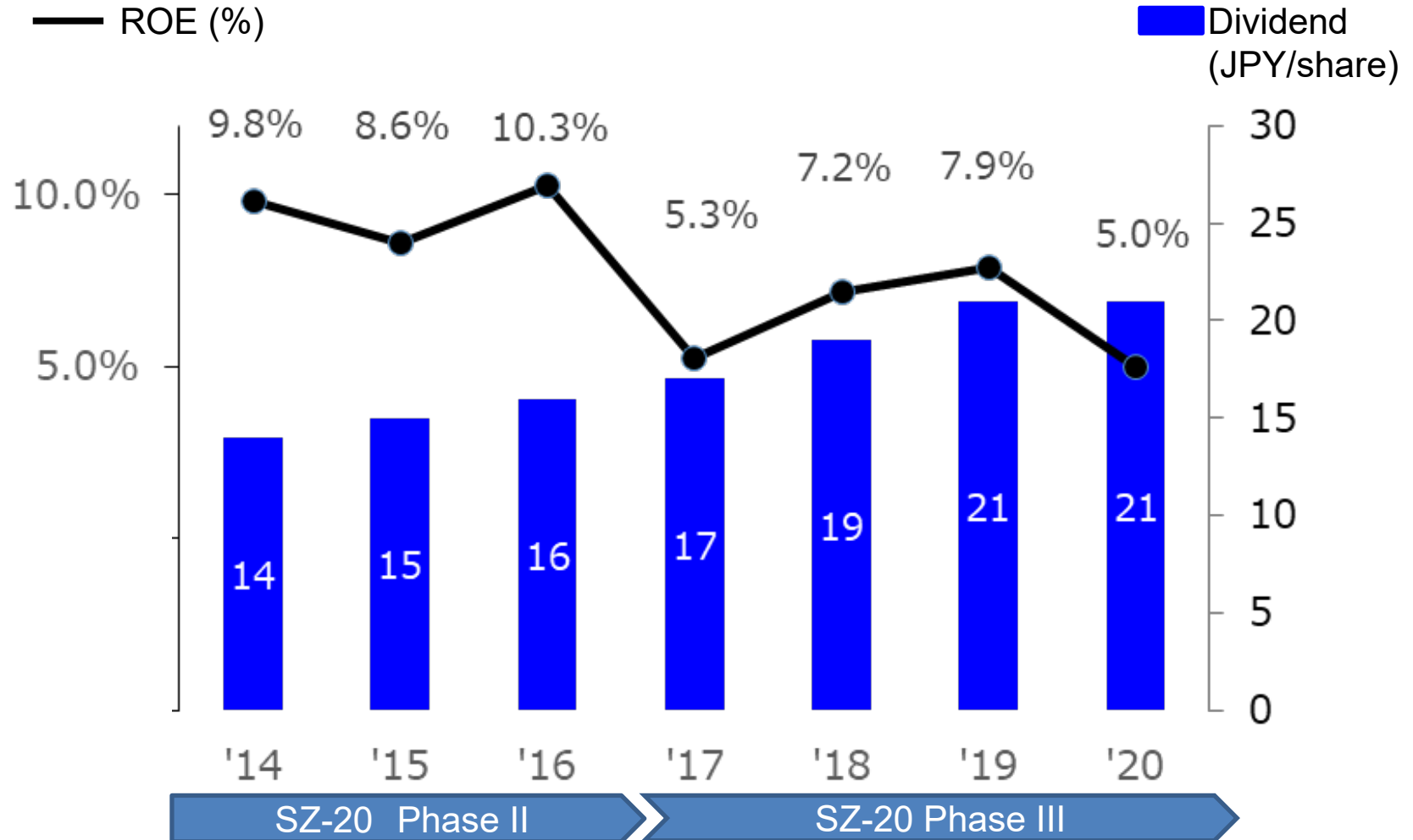
Results by Fiscal Year



Phase II → SZ-20 Phase III

Phase II → SZ-20 Phase III

Paid dividends in line with corporate policy despite decline in ROE



1. Overall Progress of SZ-20 Phase III

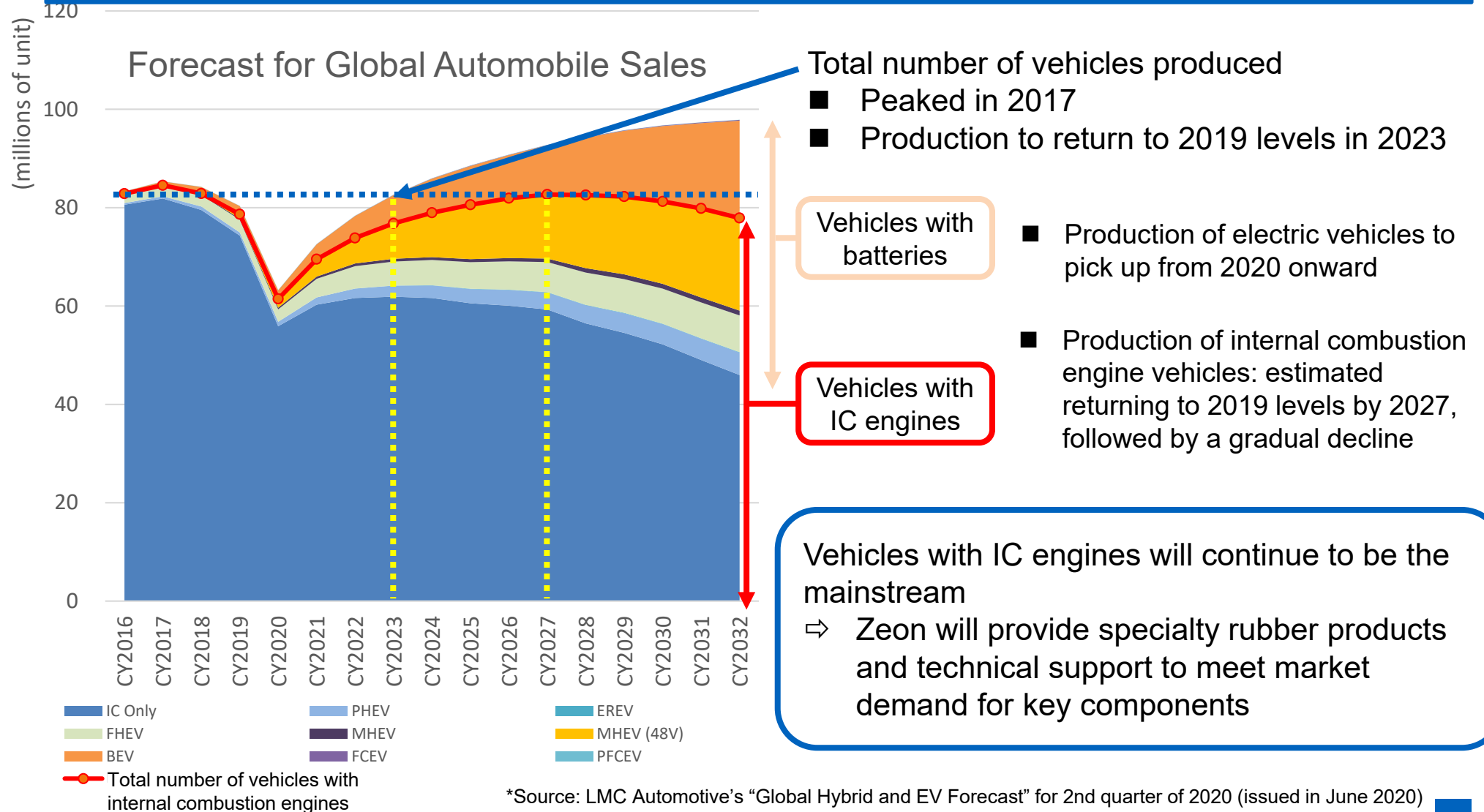
2. Business Topics

3. Response to Covid-19

Elastomer Business	Capacity	Progress
Acrylic rubber (ACM) manufacturing plant in Thailand	5,000t/Y	Construction completed in May 2020 Sales starts in Apr. 2021 (Plan)

Specialty Materials Business	Capacity	Progress
New manufacturing line of retardation films for large-screen TVs in Tsuruga	50 million m ² /Y	Operation started in Apr. 2020 Sales started in Oct. 2020
Expand COP production capacity in Mizushima	4,600t/Y	Construction completion in Jul. 2021 (plan)

Production volume of internal combustion (IC) engine vehicles expected to return to FY2019 levels in 2027

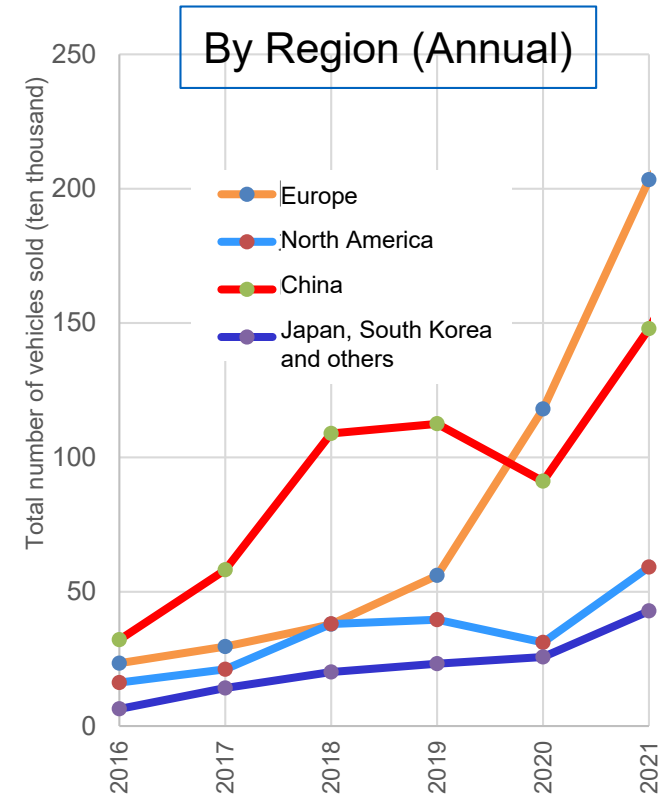
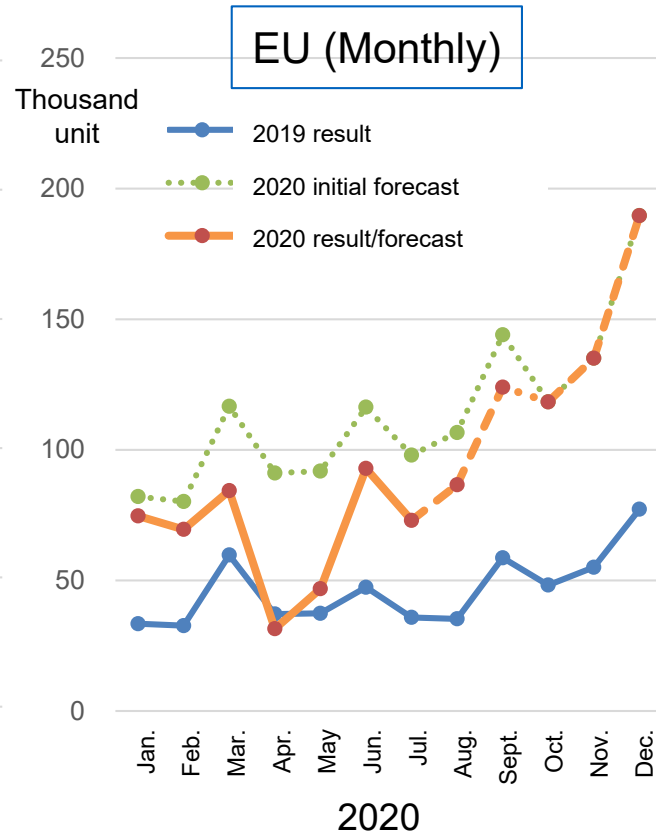
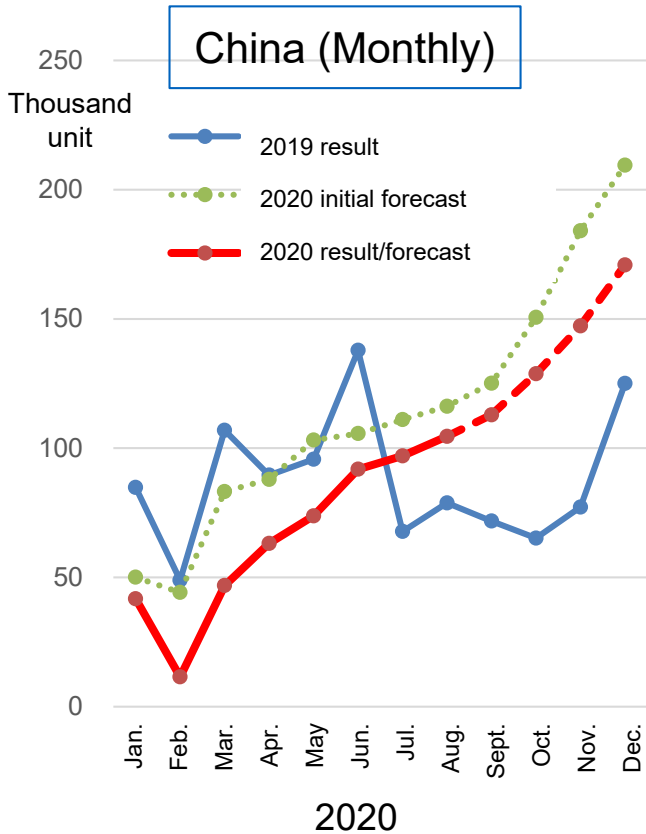


*Source: LMC Automotive's "Global Hybrid and EV Forecast" for 2nd quarter of 2020 (issued in June 2020)

Market Trends for Electric Vehicles and Plug-in Hybrid Vehicles (Number of Vehicles Sold)

Uphill battle in the first half of the year due to Covid-19, but annual sales expected to exceed FY2019

Rapid growth in China and Europe



Chinese Market

Showing steady recovery from the impact of Covid-19 and government's decision to expand scope of subsidies to purchase of gasoline vehicles.

EU Market

Despite the impact of Covid-19, annual sales are expected to exceed the previous year due partly to the effect of government subsidies.

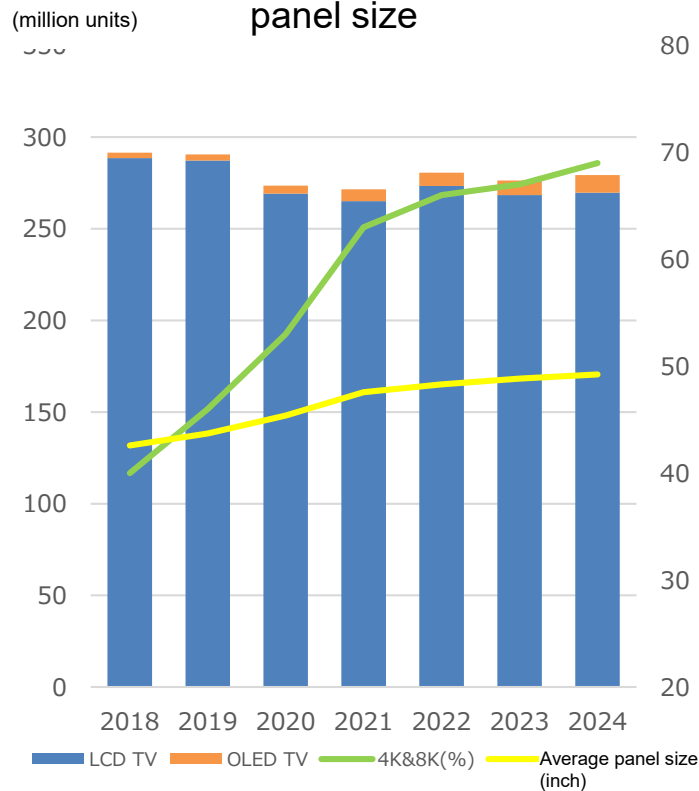
Bolster sales with a focus on the growth markets of Europe and China

Source: China: Data provided by MarkLines Co., Ltd. and forecast by Zeon's sales department based on the data; EU; monthly data on EV sales and forecast by Zeon's sales department based on the data.

Source: LMC (July 2020)

TV: Larger screens, higher resolution

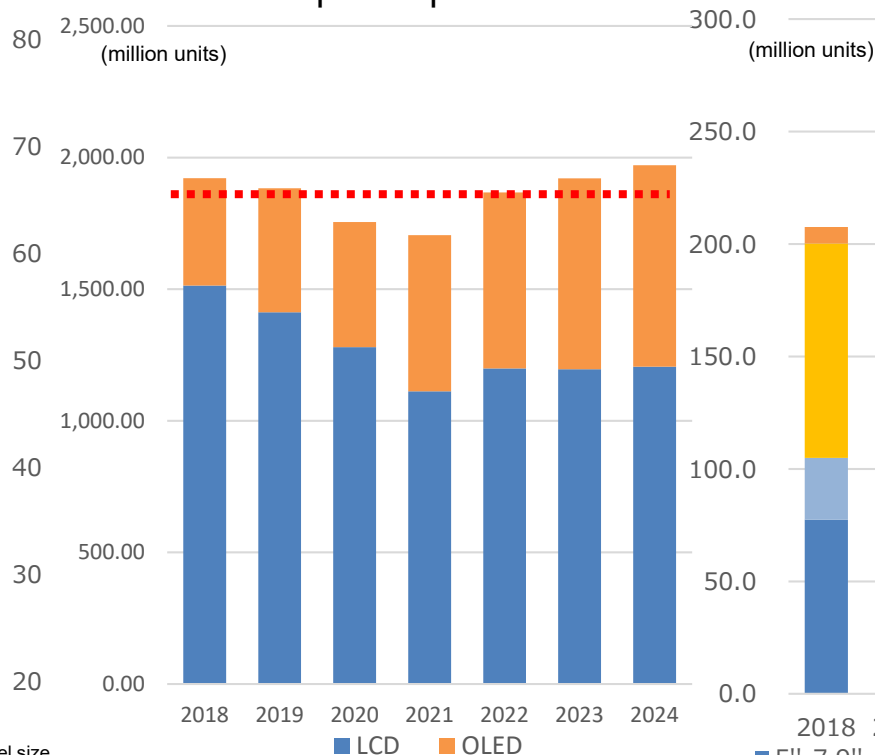
Forecast for TV panels, share of high-resolution units and average panel size



Will meet demand for larger screens with the Tsuruga Plant’s 2,500 mm-wide line

Smartphones: sales to recover two years from now; replacement demand for 5G

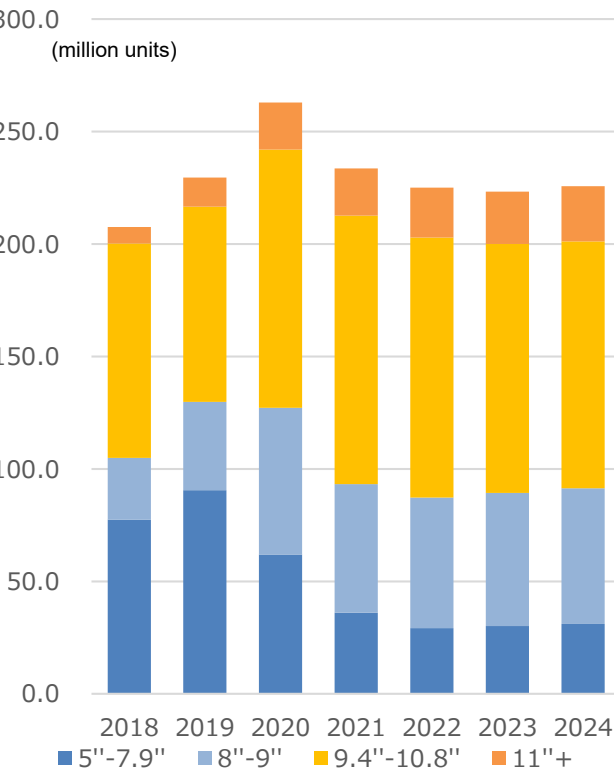
Forecast for shipment of smartphone panels



Support the market with our films for touch sensors, anti-reflection, and retardation film for OLED

Tablets: expansion due to telework and educational needs

Forecast for tablet panels by size



Expect steady demand to continue

Launched sales of positive-tone photosensitive insulating dielectric (July 17, 2020)

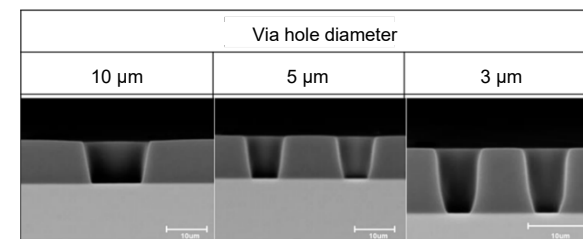
ZEOCOAT®ZC100

Alkaline developable type

Curable at temperatures below 200°C

High resolution, High insulation reliability

Application: next-generation wafer-level packaging



Resolution of ZC100 at 10 μm thickness cured at 180°C

Sale of new product for fractional flow reserve systems (August 3, 2020)

OptoMonitor® 3

Increased connectivity and convenience in the catheterization lab (operation by touch panel and other features)

Research on adhesives for labels based on asymmetric SIS received the Technology Award from the Adhesion Society of Japan (June 22, 2020)

- Received award for research on SIS-based hot-melt adhesives that enable high-speed die cutting by applying a new block structure
- Recognized for successfully balancing good adhesive property, high-speed die cutting property, and anti-seepage of softening agent (oil retention)

Endorsement of the Task Force on Climate-related Financial Disclosure (TCFD) (September 4, 2020)



Participation in the IP Open Access Declaration Against COVID-19 (October 19, 2020)



Received the Excellence Award and Progress Award for FY2020 from the National THP Promotion Council

Zeon Group activities were recognized by the Japan Industrial Safety and Health Association.

- Excellence Award: Takaoka Plant, Zeon Corporation
- Progress Award: Zeon Opto Bio Lab Co., Ltd.

Established a new organization to promote digital transformation (September 30, 2020)

Digital Transformation Promotion Division

- Set up with the aim of supervising and promoting initiatives on digital transformation to strengthen the competitiveness of the Zeon Group while also creating and expanding new businesses.

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Ensuring the health and safety of employees and their families

- Stringently monitoring body temperature, enforcing mask wearing and disinfection, avoiding large gatherings, and restricting non-essential business travel
- Introduced telework program at the head office and R&D Center

Stable production and current status of the supply chain

- Plants in Japan and production bases overseas are maintaining normal operations
- No particular cause for concern regarding immediate funding needs

Future actions

- Will continue to take appropriate action to comply with instructions, guidance, and other requirements issued by national governments
- Implement stringent measures to prevent infections and maintain operations in accordance with the circumstances of suppliers
- The head office will gather information on business sites in Japan and overseas, and business sites will be encouraged to share information

Speed

Dialogue

**Social
Contribution**

Mutual trust and confidence among Zeon members

ZEON

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

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In all cases, the original Japanese version shall take precedence.