

Presentation for R&D
Q&A Session Summary

Date: Monday, June 16, 2025, 3:00pm to 4:00pm

Presenter, Q&A Respondents:

ENDO Managing Executive Officer, CTO, Head of Planning and Development Division

NIHIRA Executive Officer, Head of Materials Research Laboratories

NIKI Executive Officer, Head of Biological Research Laboratories

MITA Senior Managing Associate Executive Officer,
Head of Chemical Research Laboratories

Presentation Materials:

https://www.nissanchem.co.jp/eng/news_release/release/en2025_06_16.pdf

<Questioner 1>

Q: Comparing companies with similar sales scale to Nissan Chemical, I understand your company's distinguishing feature is that you allocate a large amount of management resources to R&D while maintaining high profitability. How do you continue to sustain high profitability in R&D?

A: Regarding Performance Materials, we create "must-have" products that are indispensable to customers by staying closely connected with them. For Agrochemicals, we possess unique features, such as a broad spectrum, that other companies do not have. These aspects contribute to our high profitability.

Q: With the significant advancement of China's technology level as competitors in Performance Materials, how does Nissan Chemical plan to maintain its competitive advantage? Also, is there a possibility that the development of AI will fundamentally change the competitive landscape? Could you explain from the perspectives of threats and opportunities for Nissan Chemical?

A: As you pointed out, China's technology level has improved dramatically thanks to their substantial government support, making them a serious threat to us. However, we are continuously developing and improving new materials to maintain our technological lead. Especially in Performance Materials, we aim to secure our advantage by continuously proposing new materials to customers. Regarding AI, we are actively working on it and are considering advanced use of data and AI by incorporating a wide range of information from

other companies. The improvement of information science literacy mentioned during the presentation is also connected to these initiatives.

<Questioner 2>

Q: Under Vista2027 Stage II, R&D expenses will be significantly increased compared to the past three years, focusing mainly on Performance Materials and Agrochemicals. Could you tell us about the specific fields you will particularly focus on?

A: We will allocate resources especially to semiconductor-related areas in Performance Materials, such as an increase in Capex and the number of researchers for EUV materials and 3D packaging process materials. In Agrochemicals, we have two compounds at the initial development stage, which is why R&D expenses will be increased. Additionally, to strengthen our pipeline, we intend to put more effort than before into lead discovery, especially focusing on veterinary medical products.

Q: Could you tell us about the development status of biological pesticides and collaboration with partners?

A: Unfortunately, we can't provide you with detailed information about biological pesticides at the moment, but we evaluate it as promising, and we will make steady progress towards the launch. Regarding partners, we are selecting them in each target country, expecting support particularly in large-scale microbial cultivation, which we lack expertise in-house, and in market development for biological pesticides.

<Questioner 3>

Q: To CTO Endo: Based on your experience from initial exploration to product commercialization of photo IPS, how do you feel the current R&D environment has changed compared to then? Also, has AI contributed to improving efficiency in any aspects of R&D?

A: Compared to before, the number of excellent researchers has significantly increased. Along with this, the variety of market development has expanded, and so that we have received various requests from customers. I would say that researchers' motivation remains as high as before, and I believe we can continue to expect new material developments. Regarding AI utilization, it is still in progress, but some results have begun to appear in Materials Informatics (MI). Moving forward, the key point will be how the advancement, acceleration, and efficiency improvements reflect in research outcomes.

Q: Could you tell us about the current development of veterinary medical products?

A: In Agricultural Chemicals Research Department, we will put more focus than ever on active ingredients effective against external parasites, such as successors to Fluralaner. Additionally, in Pharmaceutical Research Department, we will also advance research on veterinary medical products other than external parasites. Our joint research with MAH (MSD Animal Health, the global animal health business unit of Merck) targets relatively large markets or markets requiring new products.

<Questioner 4>

Q: To CTO Endo: Planning & Development Division was established in 2020 and you assumed the role of CTO in 2023. Looking back on the past few years, could you tell us about your achievements and current problems? Also, could you tell us about the company's feature regarding personnel exchanges between research institutes?

A: We recognize some delays in the creation of new products, and the problem behind that was our focus areas were dispersed. We clarified the focus areas and took on the direction of selection and concentration in organizational restructuring in April 2025. Going forward, besides technical expertise, we believe product planning capabilities and monetization will be needed more. Regarding personnel exchanges, in addition to previous activities, we plan to promote personnel relocation to priority areas, aiming to maximize the potential of each researcher.

End of Q&A Session