Nissan Chemical CORPORATION 日産化学株式会社

Presentation for Agrochemicals Business Briefing
Q&A Session Summary

Date: Tuesday, January 13, 2026, 3:30pm to 4:30pm

Presenter, Q&A Respondents:

SATO	Director, Senior Managing Executive Officer, Head of Agricultural Chemicals Division
KOMATSU	Executive Officer, Deputy Head of Agricultural Chemicals Division, Head of Sales & Marketing Japan, Agricultural Chemicals Division
AIBA	Associate Executive Officer, General Manager, Roundup Sales Department, Sales & Marketing Japan, Agricultural Chemicals Division
HAYASHI	Associate Executive Officer, General Manager, Sales Department-Japan, Sales Division, Agricultural Chemicals Division
TAKII	Associate Executive Officer, General Manager, Planning & Development, Agricultural Chemicals Division
KOAYASHI	General Manager, Business Administration, International Operations, Agricultural Chemicals Division
UNNO	General Manager, Business Strategy, Agricultural Chemicals Division
TAMADA	Associate Executive Officer, General Manager, Agricultural Chemicals Research Department, Chemicals Research Laboratories
YANO	General Manager, Agricultural Chemicals R&D Department, Biological Research Laboratories
DAIMON	Director, Senior Executive Vice President & CFO

Presentation Materials:
https://www.nissanchem.co.jp/eng/news_release/release/en2026_01_13.pdf

Q1：It appears that sales growth of BRAVECTO® at MAH has recently slowed. How do you perceive the background to this trend? Also, is there any concern about inventory adjustments occurring at MAH?

A1：Regarding the slowing sales growth of BRAVECTO®, in our view, the U.S. market has recently been shifting from external parasiticides to both internal and external parasiticides. Since both internal and external parasiticide of BRAVECTO® have not yet been registered in the U.S., the sales of BRAVECTO® have been facing challenges. On the other hand, both internal and external parasiticide of BRAVECTO® is expected to be registered in the U.S. during 2026, and additionally 12-month injectable product is expected to begin in earnest. We believe these developments will contribute to the recovery of BRAVECTO® sales going forward. Concerning Fluralaner inventory, we receive rolling forecasts from

MAH covering several years ahead, and we also have visibility into their inventory levels. We understand that there is currently no situation in which inventory is built up.

Q2：Regarding the sales image of Fluralaner in the chart on page 24 of the presentation, could you explain the breakdown between API sales and royalties, as well as the assumptions behind API sales price?

A2：On the breakdown between API and royalties, sales will consist almost entirely of API in FY2030 image. For years up to FY2027, we would ask you to infer the approximate breakdown from that. As for the assumptions behind the API sales price, we have based it on the price table stipulated in the contract with MAH, which incorporates certain price reductions reflecting generics.

Q3：On page 12 of the presentation, you refer to cost reduction for Fluralaner API. Could you describe the specific content of these reductions and explain why such reductions are now possible?

A3：While we cannot disclose specific figures at this stage, our target is to achieve a manufacturing cost for API that is sufficiently competitive against anticipated generics. The approach includes not only switching to more cost-effective suppliers of intermediates but also improving the synthesis method based on our expertise in organic synthesis technology.
Going forward, we will work jointly with MAH to drive cost reductions in the way that we have not previously pursued.

Q4：Regarding the assumptions behind sales and operating profit image for FY2030 and FY2035 on page 11: from FY2025 forecast to FY2030 image, what is your outlook for contributions from key strategies such as strengthen R&D pipeline, cost reduction, and inorganic measures including M&A and product acquisitions? In particular, operating profit margins are projected to remain relatively stable between FY2025 forecast and FY2030 image. Given that Fluralaner royalty is expected to decline, it might expect operating profit margin to fall. What is the basis for your expectation that high margins can still be maintained?

A4：In FY2030 image, although we cannot disclose the specific ratio of each key strategy, we anticipate that M&A and product acquisitions will account for slightly less than half of the contribution needed to offset the decline in Fluralaner royalty. The remainder will be achieved through a combination of pipeline expansion (new products) and cost reduction. We are actively pursuing opportunities in M&A and product acquisition. Although operating profit margins will inevitably face downward pressure due to the loss of Fluralaner royalty, we intend to mitigate this through the execution of our key strategies to

maintain margin levels.

Q5：Regarding the new paddy rice herbicide VERDAD, is there any concern about cannibalization with existing products? Also, what is your view of the future direction of the rice market in Japan, given the recent rise in domestic rice prices?

A5：Regarding cannibalization, while SIRIUS—an existing paddy rice herbicide sold for many years—continues to enjoy strong support, the adoption and promotion of ALTAIR/VERDAD have been progressing on top of this base. We therefore do not expect cannibalization in this segment. For older ALTAIR-containing products, we are promoting a timely transition while maintaining volume growth. Additionally, since ALTAIR/VERDAD will be licensed out as well as self-marketed, we also expect to expand profits.

Regarding the domestic rice market, the sown area for staple rice increased by approximately 8% year-on-year last year. Due to higher rice prices, farmers appeared motivated to produce higher-quality rice in larger quantities, which likely contributed to the use of more effective and relatively higher-priced agrochemicals.
Looking ahead, we do not expect any rapid changes in the sown area for staple rice at least through 2026 (Reiwa 8).

Q6：For the new rice herbicide RYZONIC (NC-656), the peak annual sales target shown on page 29 was revised upward by ¥5 billion, from ¥10 billion to ¥15 billion. Previous products such as GRACIA and VERDAD were revised upward after launch, but this time the revision came before launch. What led to this earlier upward revision?

A6：RYZONIC will be the first foliar-applied herbicide for paddy rice with HPPD inhibition activity to be marketed globally. With resistant barnyard grass becoming increasingly prevalent in recent years, RYZONIC's ability to control such resistant biotypes is a major strength. Demand associated with resistant barnyard grass is rising more than previously anticipated, leading us to expect stronger sales. Additionally, while the main target remains grass weeds, ongoing trials indicate that the product can also broaden its spectrum to other weed types.

Regarding sales regions, while development possibilities exist worldwide, our previous plan involved selecting priority countries and expanding development gradually. We now leverage our overseas subsidiaries globally to conduct more precise marketing and gather more field-level information, enabling faster registration. This shift contributed to the decision to revise projections upward prior to

launch.
Finally, with full-scale manufacturing preparations underway for launch in FY2027, updated sales projections across countries have led us to judge that the upward revision was appropriate.

Q7：Please explain your regional strategies for biological pesticides. You announced the investment in Innova in Brazil, highlighting Brazil's strong potential. In the 2022 business briefing, you also noted increasing momentum toward reducing environmental impact in Europe, Japan, and the U.S. What changes have occurred in the specific adoption of biologicals across regions since then, and how is your company responding?

A7：In Japan, although discussions are underway on introducing priority review systems for biological pesticides, data requirements remain similar to those for chemical pesticides. Combined with the very high pest-control expertise of Japanese farmers, the performance of biological pesticides has not yet fully caught up. As a result, the domestic biologicals market has shown limited growth, and our product launches in Japan must necessarily take a cautious approach.

Globally, the priority ranking would be such as 1. South America, 2. Europe, 3. China and India, 4. Japan and Korea. In South America, Brazil remains the top priority, with planned expansion into Peru, Chile, and Ecuador. Next comes Europe, where we have begun various collaborations with local partners. In late 2025 and early 2026, the EU also began discussing accelerated review systems for biologicals. In line with this, we are promoting in-house development and actively considering deploying other Japanese companies' biological pesticides in Europe.

Q8：Regarding R&D, could you provide any updates on the development of post-Fluralaner candidates within your collaboration with MAH? Also, are there any examples where AI-driven materials informatics (MI) has been effectively used?

A8：For post-Fluralaner development, we established the Animal Care Division in FY2023 and expanded the team to accelerate research activities. Regarding the use of MI, although we are pursuing similar initiatives to other companies, AI applied to biological targets tends to require more time to produce consistent results. We are working to apply solutions that have already shown success in pharmaceutical research in our healthcare division to both agrochemical and animal health product development.

End of Q&A Session