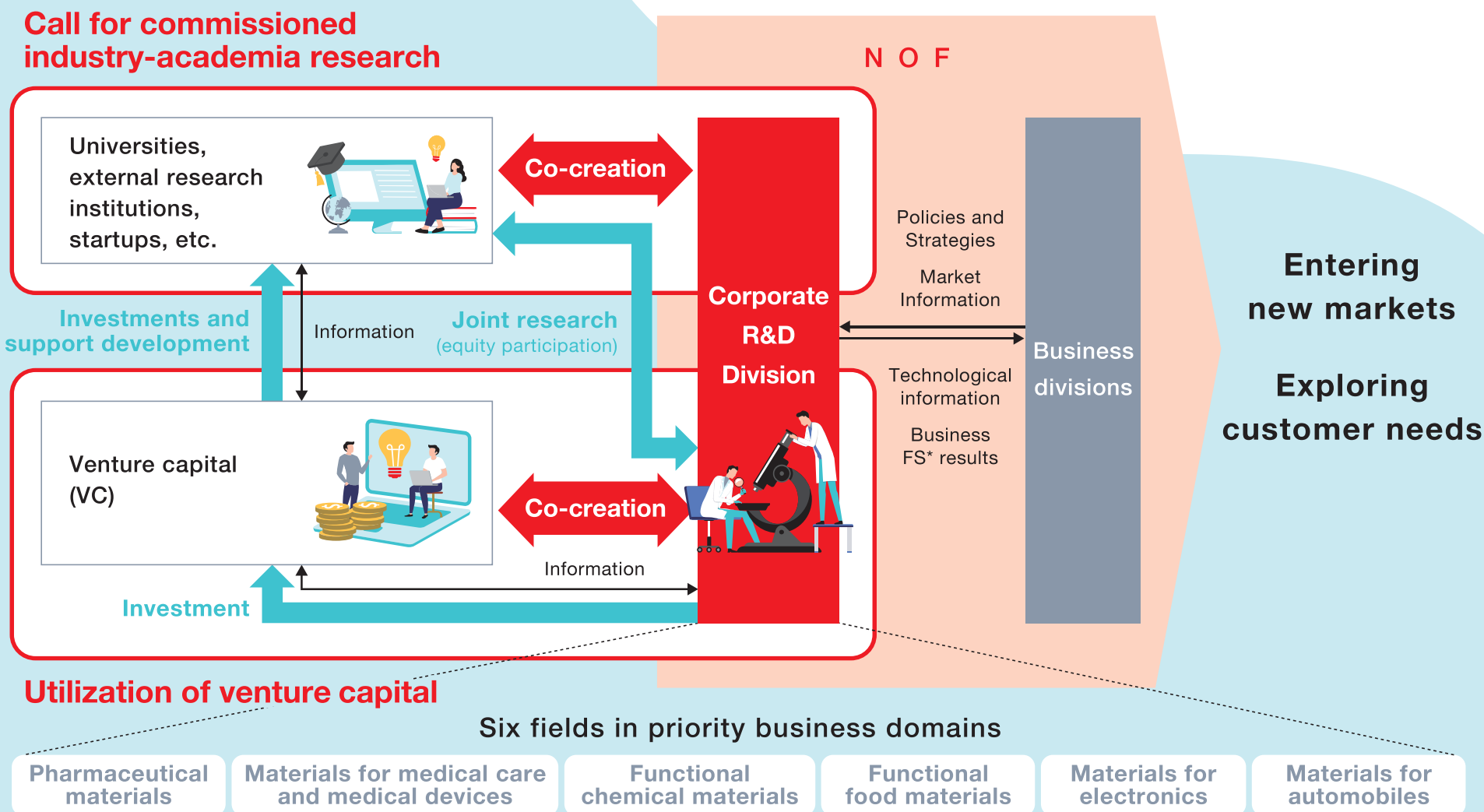




R&D

The NOF Group will take on the challenge of developing new products and technologies. We will promote open innovation through public calls for research applications, industry-government-academia collaboration, and other co-creation with external parties, to open up new business domains in each of the markets where needs are expected to grow.



* Feasibility study: Advance study of the feasibility of a planned project.

Challenge



General Manager of Corporate R&D Division and
Executive Operating Officer, Doctor of Engineering

Eui-Chul Kang

We are creating new businesses and tackling the next steps to shape the future of society and NOF.

Tackling new challenges for NOF Vision 2030

The NOF Group has formulated a Mid-term Management Plan, NOF VISION 2030, and positioned the 2025 Mid-term Management Plan, which started in fiscal 2023, as the profit expansion stage and the 2028 Mid-term Management Plan as the business domains expansion stage in order to expand our businesses toward our vision for fiscal 2030. In the field of R&D, we have set a target of accelerating the development of new products and technologies through strategic investments in the three target areas of “Life/Health-care,” “Environment/Energy,” and “Electronics/IT.”

To achieve this, we have selected new priority business domains based on our basic strategy of creating new businesses in growth market fields by introducing new technologies with market advantages, with a focus on co-creation with startup companies and comprehensive industry-government-academia collaboration.

Strengthening our competitiveness in the market by establishing six priority areas

As priority business domains, we have selected six fields (pharmaceutical materials, materials for medical care and medical devices, functional chemical materials, functional food materials, materials for electronics, and materials for automobiles) in which we will make concentrated research investments. Further intensification of market competition is expected in each field. In respect of industry-government-academia collaboration and co-creation with venture capital (VC), we also plan to promote R&D focused on these six fields.

In the areas of pharmaceutical materials and materials for medical care and medical devices, needs have been growing for regenerative medicine, especially in the past few years. NOF is also preparing a system for commercialization in order that we can enter the chemical materials market as soon as possible. In the area of functional chemi-

Special Feature | NOF's Three Values Supporting the Solving of Social Issues

cal materials, we will promote initiatives for a sustainable society, including the production of raw materials for chemicals made from biomass. We are regularly investigating new functional food materials with the goal of developing materials for health food that are effective in the four fields of beauty, lifestyle diseases, immunity, and brain function, so that all people can live healthy lives. In the area of materials for electronics, we are working together as a team to commercialize new materials for semiconductors and communication materials for 5G and 6G. In the final area of

materials for automobiles, we are developing materials toward further improving the performance of rechargeable batteries for EV vehicles.

Creating new business through collaboration with external organizations

To strengthen the six priority fields, NOF continues to be involved in open innovation. By collaborating with external institutions, we can expect to discover new technologies and businesses unbound by existing business domains. For that reason, in addition to existing industry-academia-government collaborations, in January 2024 we invested in Universal Materials Incubator Co., Ltd., a VC that invests in superior technologies and businesses. The reasons behind the decision to invest in a VC were an immediate determination on the business potential of the startup's promising technology and the expertise it has that we lack at NOF. By achieving co-creation together with investee companies as a business partner, businesses can be developed not from a "seed" but from a "bud" in a short period of time. Moreover, investments in VC are also linked to promoting human resources development and R&D. We will continue to strengthen our relationships with various startup companies while anticipating

multifaceted effects.

In addition, industry-academia collaborative projects launched in fiscal 2021 produced results in the field of functional chemicals in the first fiscal year, and we expanded their scope to the electronics and health food fields in fiscal 2022, and the medical care and medical device field in fiscal 2023. For each field, we have begun to explore and research topics one by one.

We believe that the role of the Corporate R&D Division is not only to solve current customer issues, but also to take on the future of the entire Company and determine its direction. To enable each individual in the Corporate R&D Division to become a self-motivated employee who "thinks and acts independently," we make use of internal training and education programs to not only offer passive learning, but also to improve leadership capabilities. Further, we strive to create an environment where the growth of our employees is encouraged to enable self-education and development, thereby allowing us to continually take on challenges with the power of both individuals and the team.

Six fields in priority business domains

