

Third Quarter Financial Results for the Fiscal Year Ending October 31, 2022

September 20, 2022

 **KUMIAI CHEMICAL INDUSTRY CO., LTD.**

Third Quarter Financial Results for the Fiscal Year Ending October 31, 2022



(Unit: billions of yen)	3Q 2021 Results	3Q 2022 Results	YoY (Amount)	Factors contributing to changes
Net Sales	88.5	106.3	+17.8	<ul style="list-style-type: none"> • Volume growth (+) • Cost pass-through (+) • Foreign exchange impact (+)
<i>Agricultural Chemicals and Agriculture-Related</i>	<i>66.9</i>	<i>82.1</i>	<i>+15.3</i>	<ul style="list-style-type: none"> • Volume growth of Axeev products (+)
<i>Fine Chemicals</i>	<i>15.0</i>	<i>18.5</i>	<i>+3.5</i>	<ul style="list-style-type: none"> • Recovery of chlorination business, and volume growth in fine chemicals business (+)
Operating Income	6.9	10.3	+3.5	<ul style="list-style-type: none"> • Volume effects (+) • Soaring raw material costs (-)
Ordinary Income	9.0	16.2	+7.1	<ul style="list-style-type: none"> • Foreign exchange gain, etc. (+)
Net Income*	6.3	11.1	+4.7	

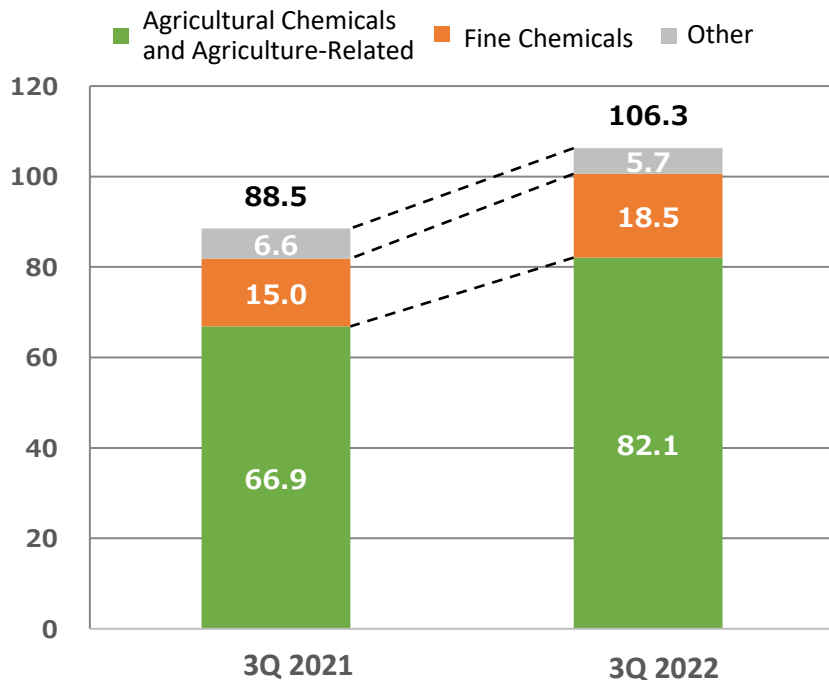
3Q 2022 exchange rates: ¥/\$=124.9
¥/€=133.3

*Net income attributable to owners of parent

Net Sales and Operating Income by Business Segment

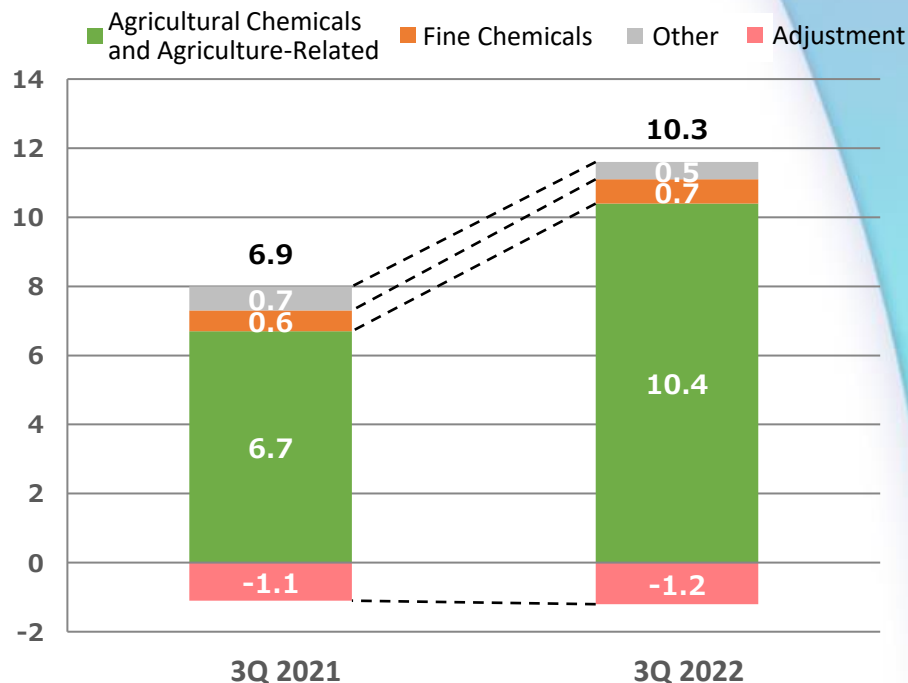
Consolidated Net Sales

(Unit: billions of yen)



Consolidated Operating Income

(Unit: billions of yen)

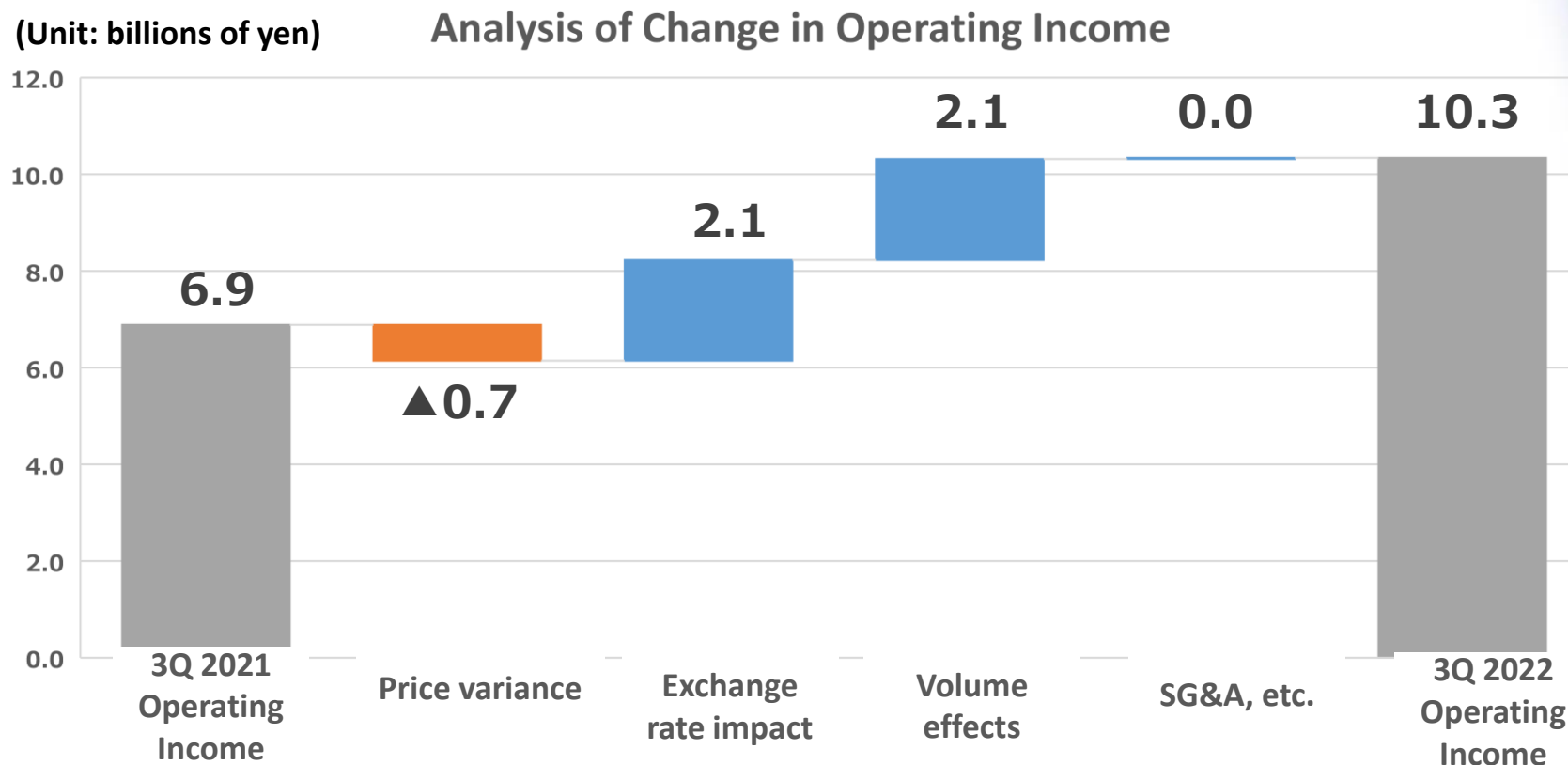


	Change in sales	Change in profit
Agricultural Chemicals and Agriculture-Related	+¥15.3 billion	+¥3.7 billion
Fine Chemicals	+¥3.5 billion	+¥0.1 billion
Other	-¥1.0 billion	-¥0.2 billion

Analysis of Change in Operating Income

Factors contributing to change

- ✓ Large increase in profit due to strong shipments in both Agricultural Chemicals and Agriculture-Related Businesses and Fine Chemicals Business segments
- ✓ Profit growth due to favorable exchange rate and impact of increased business volume, despite soaring raw materials exceeding cost pass-through

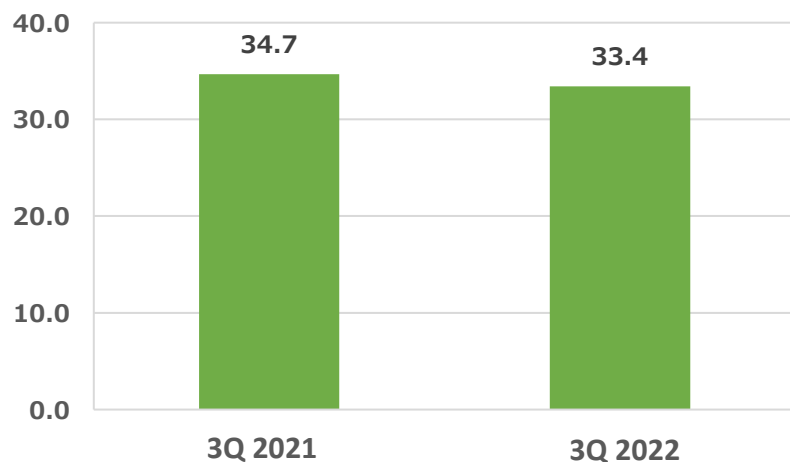


Agricultural Chemicals and Agriculture-Related Businesses

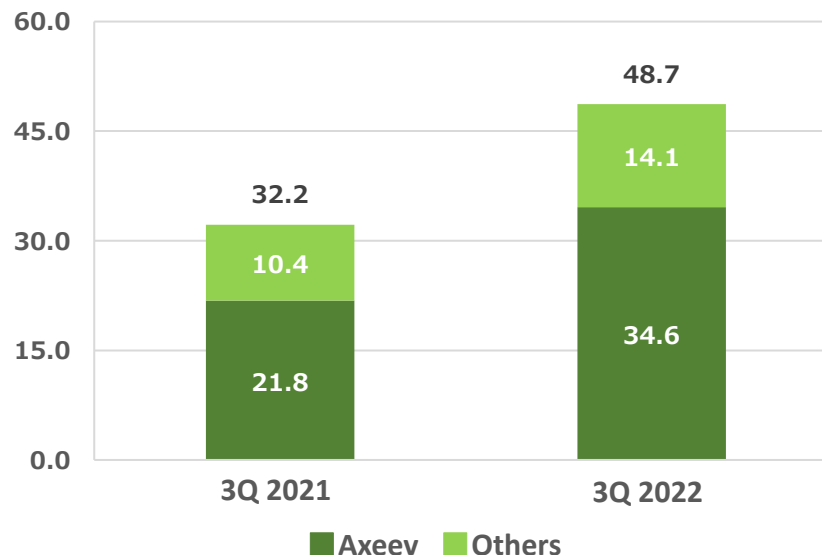
Progress in 3Q

Domestic	Sales decreased slightly, mainly due to discontinued sales of some third-party active ingredients, although sales of Effeeda and box-treatment products such as Disarta remained steady.
Overseas	Cost pass-through associated with soaring raw material costs and depreciation of the yen pushed up the increase in sales.

(Unit: billions of yen) **Domestic Sales**



(Unit: billions of yen) **Overseas Sales**

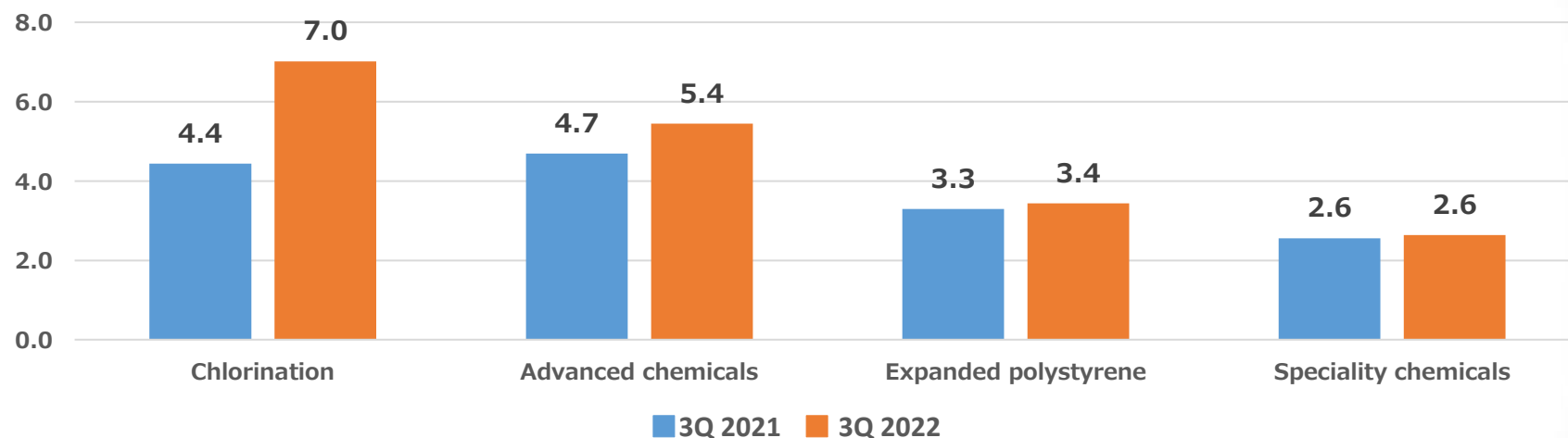


Fine Chemicals Businesses

Progress in 3Q	
Chlorination	Recovered from impact of COVID-19 pandemic Sales of both chloroxylene and chlorotoluene products remained strong.
Fine chemicals	Sales of bismaleimides remained steady.
Expanded polystyrene	Flat year on year
Industrial chemicals	

(Unit: billions of yen)

Changes in Net Sales by Sub-Segment



Summary of Third Quarter of the Fiscal Year Ending October 31, 2022



▶ Increased overall sales and profit

- ✓ Business as a whole exceeded the previous year.
- ✓ Soaring raw material costs were offset by shipment volume growth.
- ✓ In overseas business, depreciation of the yen pushed up increase in sales.

▶ Increased sales and profit in Agricultural Chemicals and Agriculture-Related Businesses segment

- ✓ In Japan, sales and profit of Effeeda and Disarta products progressed steadily.
- ✓ Overseas, sales and profit of Axeev remained strong due to high demand.

▶ Increased sales and profit in Fine Chemicals Business segment

- ✓ The chlorination business has been recovering from the impact of COVID-19.
- ✓ In the fine chemicals business, sales and profit of bismaleimides progressed steadily.

▶ Decreased sales and profit in Other Businesses segment

- ✓ Sales were sluggish, impacted by the progress of projects in the construction business.

Consolidated Earnings Forecast for the Fiscal Year Ending October 31, 2022



(Unit: billions of yen)	2021 Results	2022 Revised forecast**	Change	Factors contributing to change
Net Sales	118.2	140.0	+21.8	—
<i>Agricultural Chemicals and Agriculture-Related</i>	89.2	106.8	+17.7	Overseas: Large increase in Axeev sales (+) Japan: Increase in Effeeda and Disarta sales (+)
Fine Chemicals	20.7	24.3	+3.6	• Sales growth due to recovery from COVID-19 pandemic (+)
Operating Income	8.5	12.5	+4.0	• Volume effects (+) • Exchange rate impact (+) • Increase in costs due to rising procurement prices (-)
Ordinary Income	12.8	16.4	+3.6	• Foreign exchange gains (+)
Net Income*	9.0	11.5	+2.5	—

▶ Exchange rates used for 2022 earnings forecast:

¥/\$ = 1H results ¥117.4, 2H forecast ¥128.0

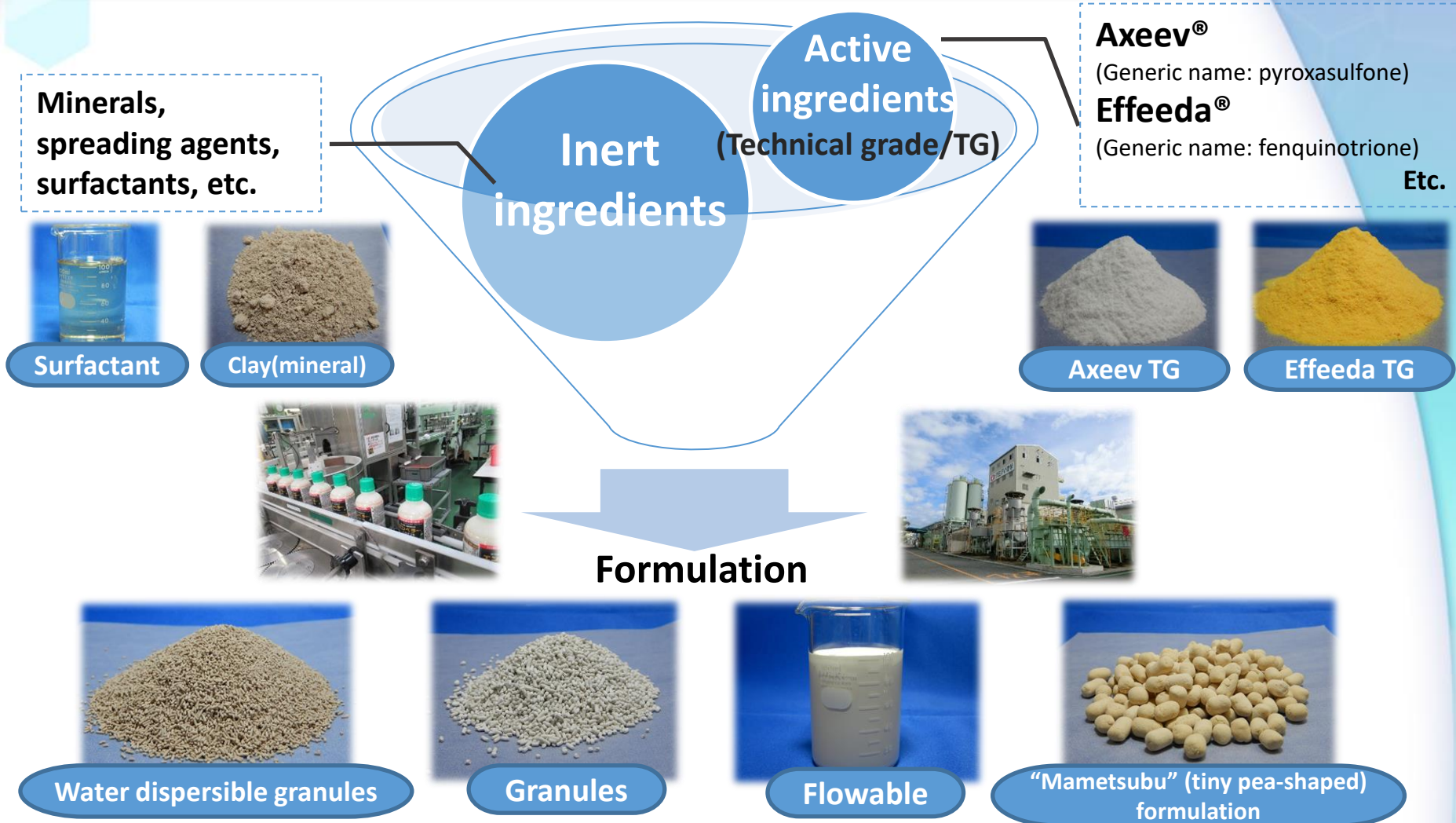
¥/€ = 1H results ¥130.1, 2H forecast ¥130.0

*Net income attributable to owners of parent

**Upward revision of earnings forecast published on June 7, 2022

The Agricultural Chemical Industry and the Business Structure of KUMIAI CHEMICAL INDUSTRY

What are agricultural chemicals?



An agricultural chemical containing only one active ingredient is called a **single agent**, while one with two or more active ingredients to increase functionality is called a **mixed formulation**.

Characteristics of the Agricultural Chemical Industry

Agricultural chemical manufacturers in Japan and overseas work to develop products to control various weeds, diseases and pests by purchasing active ingredients from other companies. They also endeavor to maximize profit by selling proprietary products to other companies.



ZEN-NOH

*Agent jointly developed with Bayer

KUMIAI

SUMITOMO

Oxaziclomefone, Fenquinotriole, Propyrisulfuron, Bromobutide Granules

成分 オキサジクロメホン(PRTR・1種) ... 0.80% プロピリスルフロロン 0.90%
 [3-[1-(3,5-ジクロロフェニル)-1-メチルエチル]-3,4-ジ [1-(2-クロロ-6-プロピルイミダゾ[1,2-b]ピリダジン-3-イ
 ヒドロ-6-メチル-5-フェニル-2H-1,3-オキサジン-4-オン] ルスルホニル)-3-(4,6-ジメチルピリミジン-2-イル)尿素]
 フェンキノトリオン 3.0% プロモブチド 9.0%
 [2-[8-クロロ-3,4-ジヒドロ-4-(4-メチルフェニル)-3-オキソ [(RS)-2-ブromo-N-(α , α -ジメチルベンジル)-3,3-
 キノキサリン-2-イルカルボニル]シクロヘキサン-1,3-ジオン] ジメチルブチルアミド]
 鉍物質微粉等 86.3%

性状 淡褐色細粒



最新の登録内容

Enlargement of ingredient list

Mutual cooperation as competitors and partners




Our Agricultural Chemical Business (Japan: Crop)

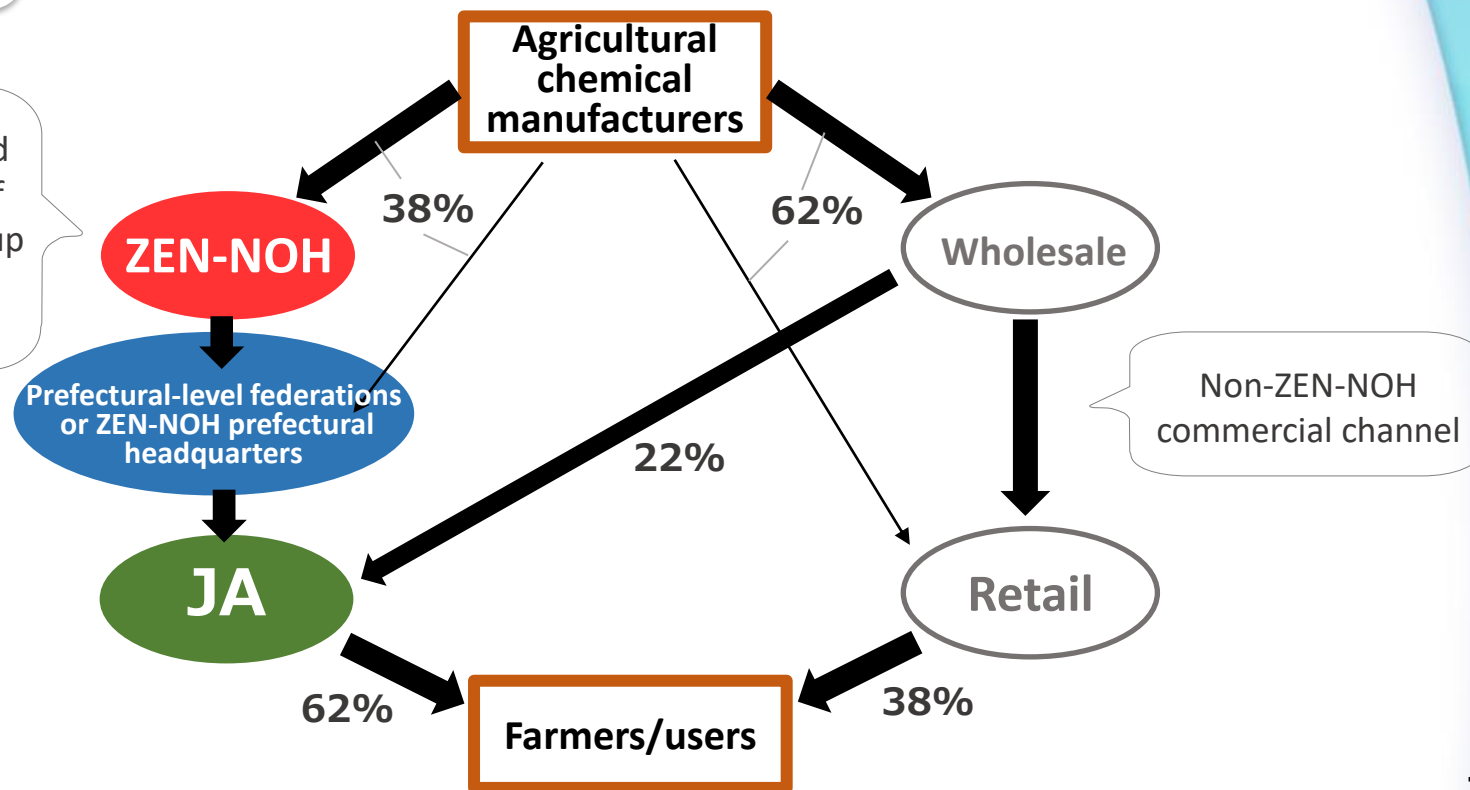
Sales channel

Formulate and sell final products with higher added value to the JA Group

Seasonal nature of business

Most sales are completed by around April each year as shipments are based on the Japanese planting season.

ZEN-NOH-affiliated channel for sale of products to JA Group




* Percentage by the Company based on 2018 results (value basis)

Our Agricultural Chemical Business (Japan: Crop)

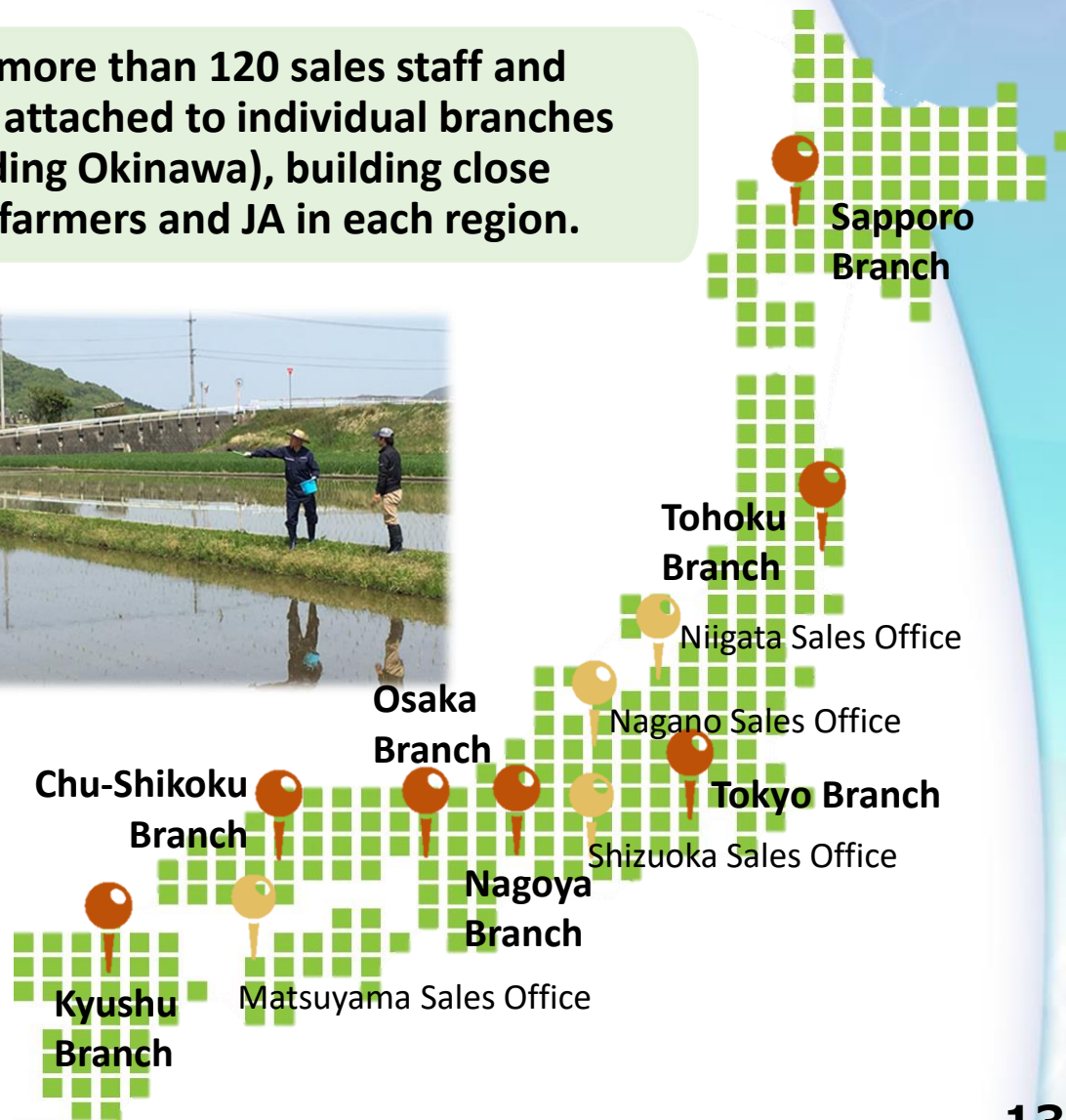
Domestic business locations

We have assigned more than 120 sales staff and extension workers attached to individual branches nationwide (excluding Okinawa), building close relationships with farmers and JA in each region.

A handling demonstration of “Mametsubu” (tiny pea-shaped) formulation →



↓ A field tour



Our Agricultural Chemical Business (Overseas)

Sales channel

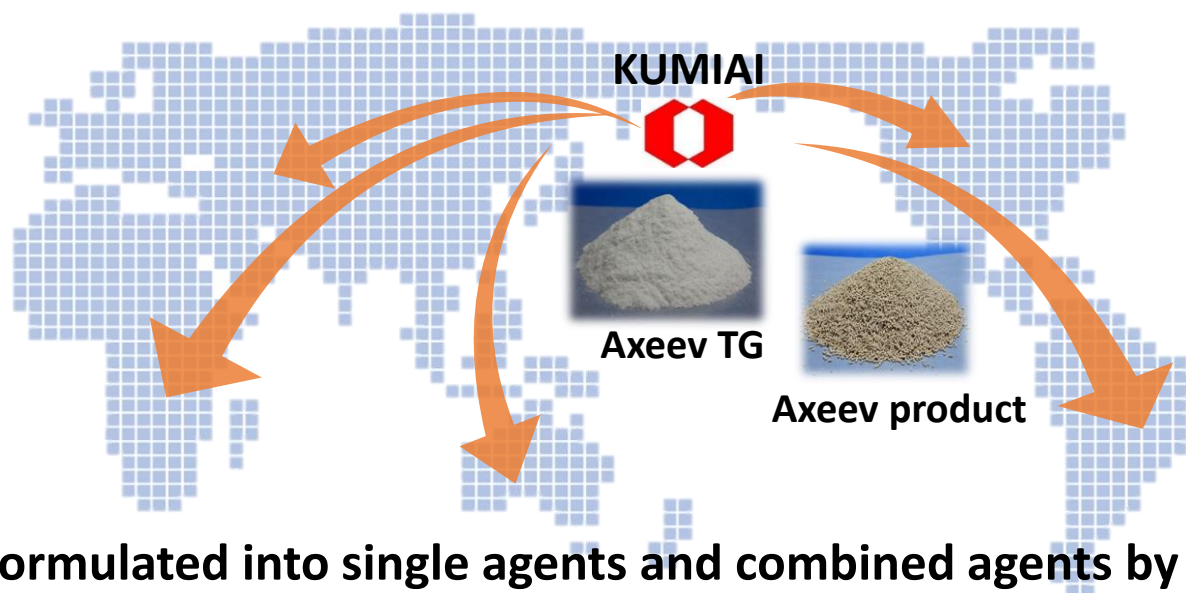
Expand sales through the strong sales channels of local distributors
Selling more TG than final products

Seasonal nature of business

Year round sales in over 50 countries worldwide

Overseas Sales Ratio

FY2021 result: 55% (overseas ratio for Agricultural Chemical and Agriculture-Related Businesses)
Overseas ratio continuously increasing with growth of Axeev



Axeev TG is formulated into single agents and combined agents by distributors.

Statements in this document regarding earnings forecasts and other forward-looking statements are expectations based on information available at the time the material was prepared and include potential risks and uncertainties. Actual results may differ from these earnings forecasts due to a variety of factors.

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Information other than information on the Company and its affiliated companies is based on publicly available information and the accuracy of such information is not guaranteed.

<Inquiries>

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Please also see the Company's website. <http://ir.kumiai-chem.co.jp/>