

# KUMIAI CHEMICAL INDUSTRY CO., LTD.

## Consolidated Financial Results for the Fiscal Year Ended October 31, 2023 Under Japanese GAAP

*This document is an English translation of the consolidated financial results (tanshin) prepared in Japanese. It is only for the reference of non-Japanese readers, and the Japanese version is the original.*

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Scheduled Annual General Meeting of Shareholders: January 26, 2024  
 Scheduled Commencement of Dividend Payment: January 29, 2024  
 Scheduled Filing of Securities Report: January 29, 2024  
 Supplementary Materials on Financial Results: Attached  
 IR Presentation on Financial Results: Scheduled (For Institutional Investors and Analysts)

Amounts less than one million yen have been omitted.

### 1. Consolidated Financial Results (for the fiscal year ended October 31, 2023)

#### (1) Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Year ended October 31, 2023	¥161,002	10.8%	¥14,089	11.2%	¥24,115	2.3%	18,024	10.4%
Year ended October 31, 2022	145,302	23.0	12,673	49.9	23,570	83.7	16,329	81.0

Notes: 1. Comprehensive income: Year ended October 31, 2023: ¥21,543 million [15.9%] Year ended October 31, 2022: ¥18,591 million [164.0%]  
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ordinary Income / Total Assets	Operating Margin
Year ended October 31, 2023	¥149.88	¥—	14.5%	11.2%	8.8%
Year ended October 31, 2022	135.45	—	14.9	12.6	8.7

(Reference) Equity in earnings of affiliates: Year ended October 31, 2023: ¥8,664 million Year ended October 31, 2022: ¥2,224 million

#### (2) Consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of October 31, 2023	¥226,939	¥139,845	58.6%	¥1,105.55
As of October 31, 2022	204,604	121,995	56.4	960.96

(Reference) Shareholders' equity: As of October 31, 2023: ¥133,025 million As of October 31, 2022: ¥115,468 million

#### (3) Consolidated Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year ended October 31, 2023	¥4,762	¥(10,099)	¥6,864	¥26,572
Year ended October 31, 2022	(1,159)	(7,823)	5,615	22,071

### 2. Cash Dividends for Shareholders of Common Stock

(Millions of yen, except per share data and percentages)

	Cash Dividends per Share					Total Dividends (Annual)	Consolidated Basis	
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-End	Annual		Dividend Payout Ratio	Ratio of Dividends to Net Assets
Year ended October 31, 2022	¥—	¥8.00	¥—	¥14.00	¥22.00	¥2,643	16.2%	2.5%
Year ended October 31, 2023	—	18.00	—	27.00	45.00	5,413	30.0	4.4
Year ending October 31, 2024 (Forecast)	—	10.00	—	18.00	28.00		30.6	

\*The Company revised the year-end dividend per share for the fiscal year ended October 31, 2023 from 24 yen to 27 yen. Please see "Announcement of Increased Fiscal Year-End Cash Dividend" (in Japanese) published on December 14, 2023 for details.

### 3. Consolidated Earnings Forecast (for the fiscal year ending October 31, 2024)

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent		Net Income per Share
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount
Six months ending April 30, 2024	¥ 92,000	(3.6)%	¥ 9,000	(28.9)%	¥11,000	(18.5)%	¥ 8,000	(21.9)%	¥66.49
Year ending October 31, 2024	167,000	3.7	12,000	(14.8)	15,000	(37.8)	11,000	(39.0)	91.42

Note: For fiscal-year figures, percentages indicate the percentage change from the previous fiscal year. For first-half figures, percentages indicate the percentage change from the corresponding half of the previous fiscal year.

**\*Notes:**

(1) Changes in significant subsidiaries during the period under review (changes to subsidiaries that would alter the scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction

a) Changes in accounting policies due to revisions of accounting standards: No

b) Changes in accounting policies due to other reasons: No

c) Changes in accounting estimates: No

d) Restatements of prior period financial statements due to error correction: No

(3) Number of shares issued (common stock)

	As of October 31, 2023	As of October 31, 2022
a) Number of shares issued (including treasury stock)	133,184,612 shares	133,184,612 shares
b) Number of treasury stock	12,859,015 shares	13,026,004 shares
	Year ended October 31, 2023	Year ended October 31, 2022
c) Average number of shares issued in the period	120,251,461 shares	120,556,557 shares

*\*The Financial Results Report has not been subjected to audit procedures by certified public accountants or an audit corporation.*

*\*Statement concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items*

*(Note on Forward-Looking Statements, etc.)*

*Earnings forecasts contained in this document are based on information available to management and provisional assumptions made as of the date of publication regarding uncertain factors that may impact future earnings. Readers are advised that actual results may differ materially from the forecasts due to a variety of factors.*

*(How to Obtain the Supplementary Materials for the Financial Results and the Details of the Financial Results Briefing)*

*The Company plans to post the supplementary materials for the financial results on its corporate website on Thursday, December 14, 2023. It also plans to hold a financial results briefing for institutional investors and securities analysts on Friday, December 22, 2023. The financial results briefing materials distributed at the briefing will be posted on the corporate website after the briefing has been held.*

## Accompanying Materials

### 1. Overview of Operating Results

#### (1) Overview of Operating Results for the Fiscal Year Ended October 31, 2023

During the fiscal year under review (November 1, 2022 to October 31, 2023), the Japanese economy continued to make a moderate recovery as economic activity gradually normalized with the transition of COVID-19 to a Category V infectious disease, among other factors. On the other hand, the outlook remained uncertain due to the economic downturn overseas, primarily in China, rising commodity prices due to the soaring cost of fuel and raw materials, and intensifying geopolitical risks.

Against this backdrop, the Group made every effort to implement the priority measures established in the Medium-Term Business Plan, “Create the Future—The Challenge for New Possibilities” (fiscal 2021 – fiscal 2023) in order to increase corporate value.

In the fiscal year under review, net sales increased by ¥15,699 million, or 10.8%, year on year, to ¥161,002 million. Lower sales in the Fine Chemicals Business segment were more than offset by the continued strong performance of the Agricultural Chemicals and Agriculture-Related Business segment overseas. Revision of selling prices implemented in view of the soaring prices of fuel and raw materials and the depreciation of the yen were also factors. Operating income was ¥14,089 million, up ¥1,416 million, or 11.2%, year on year. Ordinary income was ¥24,115 million, up ¥545 million, or 2.3%, year on year, despite a significant decline in foreign exchange gains, mainly due to a large increase in equity in earnings of affiliates because of the strong performance of equity-method affiliates, in addition to a one-off factor (recognition of tax refund). Net income attributable to owners of the parent amounted to ¥18,024 million, up ¥1,694 million, or 10.4%, year on year.

The percentage of overseas net sales in the fiscal year under review was 60.3%.

Business results by segment were as follows

(Millions of yen, except percentages)

Segment	Fiscal Year Ended October 31, 2022			Fiscal Year Ended October 31, 2023			YoY	
	Net sales	Composition ratio	Operating income	Net sales	Composition ratio	Operating income	Net sales [% change]	Operating income [% change]
Agricultural Chemicals and Agriculture-Related Business	¥112,430	77.4%	¥13,065	¥129,466	80.4%	¥14,805	¥17,036 [15.2]	¥1,740 [13.3]
Fine Chemicals Business	25,004	17.2	900	22,472	14.0	528	(2,532) [(10.1)]	(372) [(41.3)]
Other Business	7,869	5.4	637	9,064	5.6	848	1,195 [15.2]	211 [33.2]
Total	145,302	100.0	12,673	161,002	100.0	14,089	15,699 [10.8]	1,416 [11.2]

Notes: 1. Consolidated segment operating income for the previous fiscal year includes ¥1,930 million in adjustments, mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).

2. Consolidated segment operating income for the current fiscal year includes ¥2,093 million in adjustments, mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).

#### 1) Agricultural Chemicals and Agriculture-Related Business segment

In the Japanese market, sales of products for nursery boxes of rice that contain the rice paddy field fungicide DISARTA and the rice paddy field herbicide EFFEEDA remained strong, but total sales in this segment were about the same as in the previous fiscal year due to customer inventory adjustments.

In markets outside Japan, shipments of AXEEV, a herbicide for field crops, increased significantly, mainly in North America, as demand increased due to its high level of effectiveness as a herbicide and the positive market environment, although shipments to Argentina declined because of import restrictions due to a shortage of foreign currency. As a result, sales of AXEEV were significantly higher than in the previous fiscal year.

As a result of the factors above, net sales in the Agricultural Chemicals and Agriculture-related Business segment came to ¥129,466 million, up ¥17,036 million (15.2%) compared with the previous fiscal year. Operating income increased ¥1,740 million (13.3%) year on year to ¥14,805 million.

### *2) Fine Chemicals Business segment*

Shipments of the mainstay bismaleimides and some chloroxylene derivatives decreased due to the delayed recovery in semiconductor demand.

As a result of the factors above, net sales in the Fine Chemicals Business segment came to ¥22,472 million, down by ¥2,532 million (10.1%) compared with the previous fiscal year. Operating income decreased by ¥372 million (41.3%) year on year to ¥528 million, mainly due to soaring fuel and raw material prices and an increase in depreciation and amortization, in addition to the decrease in sales.

### *3) Other Business segment*

Sales in the logistics business remained steady, and sales in the construction business increased significantly due to progress on construction carried over from the previous fiscal year. As a result, net sales in the Other Business segment amounted to ¥9,064 million, up ¥1,195 million (15.2%) compared with the previous fiscal year. Operating income increased by ¥211 million (33.2%) year on year to ¥848 million.

## ***(2) Overview of Financial Position in the Fiscal Year Ended October 31, 2023***

As of October 31, 2023, total assets amounted to ¥226,939 million, an increase of ¥22,334 million compared with the end of the previous fiscal year. Current assets increased by ¥9,158 million, and fixed assets increased by ¥13,176 million. The increase in current assets was mainly due to increases in merchandise and finished products and cash and deposits, which exceeded decreases in notes and accounts receivable-trade, and contract assets. The increase in fixed assets was mainly due to increases in investment securities and buildings and structures.

Liabilities increased by ¥4,485 million compared with the end of the previous fiscal year to ¥87,094 million. Current liabilities increased by ¥8,819 million, and long-term liabilities decreased by ¥4,334 million. The increase in current liabilities was mainly because the increase in short-term loans payable exceeded decreases in notes and accounts payable-trade and income taxes payable. The decrease in long-term liabilities was mainly due to the decrease in long-term loans payable.

Total net assets amounted to ¥139,845 million, an increase of ¥17,850 million compared with the end of the previous fiscal year.

As a result, the equity ratio stood at 58.6%, and net assets per share were ¥1,105.55.

## ***(3) Overview of Cash Flows for the Year Ended October 31, 2023***

With regard to cash flow, operating activities provided net cash of ¥4,762 million, compared with net cash used of ¥1,159 million in the previous fiscal year. Major factors in the cash increase included inflows of ¥23,320 million in income before income taxes and non-controlling interests and a ¥14,087 million decrease in notes and accounts receivable. Main cash outflows were ¥16,422 million increase in inventories, ¥8,664 million in equity in earnings of affiliates, and ¥8,224 million in income taxes paid.

Cash flows from investing activities used net cash of ¥10,099 million, compared with net cash used of ¥7,823 million in the previous fiscal year. The major factors were outflows of ¥8,692 million in acquisitions of property, plant, and equipment and ¥1,178 million in acquisitions of investments in securities.

Cash flows from financing activities provided net cash of ¥6,864 million, compared with net cash provided of ¥5,615 million in the previous fiscal year. This figure includes inflows from proceeds of short-term bank loans of ¥15,243 million and outflows due to a ¥4,280 million repayment of long-term loans payable and ¥3,835 million in cash dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year stood at ¥26,572 million, an increase of ¥4,500 million from the previous fiscal year end.

**(Reference) Changes in Cash Flow-Related Indicators**

	Year ended October 31, 2021	Year ended October 31, 2022	Year ended October 31, 2023
Equity ratio (%)	61.4	56.4	58.6
Equity ratio based on market value (%)	62.6	57.4	57.9
Ratio of interest-bearing liabilities to cash flows (%)	483.3	—	863.7
Interest coverage ratio (times)	33.3	—	21.3

*(Notes) Equity ratio: equity capital / total assets*

*Equity ratio based on market value: gross market capitalization / total assets*

*Ratio of interest-bearing liabilities to cash flows: interest-bearing liabilities / cash flows*

*Interest coverage ratio: cash flows / interest payment*

*Indicators are all calculated based on consolidated financial data.*

*\*Gross market capitalization calculated using fiscal year-end closing price multiplied by total number of shares issued at fiscal year-end (excluding treasury stock)*

*\*Cash flows used are those from operating activities shown in the Consolidated Statements of Cash Flows. Interest-bearing liabilities covers all liabilities recorded on the Consolidated Balance Sheets on which interest is paid. The amount of interest paid is that shown in the Consolidated Statements of Cash Flows.*

*\*As operating cash flow was negative in the fiscal year ended October 31, 2022, the ratio of interest-bearing liabilities to cash flows and the interest coverage ratio are omitted.*

**(4) Future Outlook**

The future outlook is expected to remain uncertain, mainly due to the possibility of economic downturn overseas, primarily in China, rising prices because of soaring prices of fuel and raw materials, and intensifying geopolitical risks, including the situations in Ukraine and the Middle East.

The Agricultural Chemicals and Agriculture-Related Business segment, which is the Group's core business, is expected to continue expanding in the future, driven by higher food demand and grain prices due to the growing global population. However, the market environment has become more challenging against the backdrop of the uncertainties described above and the need for inventory optimization efforts due to rising distribution inventories.

In these circumstances, the Kumiai Chemical Group will strive to enhance corporate value by implementing its "Create the Future—Expanding our Possibilities" Medium-Term Business Plan for the period from fiscal 2024 to fiscal 2026, which was formulated with an eye on the Ultimate Goals of the Kumiai Chemical Group as a 100-year-old company ahead of fiscal 2048.

The Kumiai Chemical Group will also promote sustainability management in accordance with its Basic Policy on Sustainability established on November 1, 2021 under the Kumiai Chemical Group Corporate Philosophy, and its detailed ten fundamental policies set forth to address various ESG issues under the Basic Policy. In the Agricultural Chemicals and Agriculture-Related Business, which are the Group's core businesses, the Group will continue responding to the Strategy for Sustainable Food Systems (Strategy MIDORI), formulated by the Japanese government in May 2021 to build sustainable food systems and the EU's Farm to Fork Strategy. In the Fine Chemicals Business, the Group will contribute to society by supplying materials that improve and enrich people's lives.

In the Japanese market, the Group will further expand its base by promoting sales of EFFEEDA, the herbicide for rice paddy fields, and Bensulfuron-Methyl to maintain its top market share in one-shot herbicides for rice paddy fields. The Group will also focus on developing and expanding sales of DISARTA, a rice paddy field fungicide, and continue taking initiatives to promote smart agriculture.

In the area of products for fruits and vegetables, the Group will work to maximize sales of newly introduced products as quickly as possible based on the marketing strategy as well as strengthening promotion activities for proprietary products such as Pyribencarb.

The Group will also contribute to reducing environmental impact as required under Japan's Strategy for Sustainable Food Systems (Strategy MIDORI) by re-promoting the Eco Series brand of microbial pesticides and other measures.

In the overseas market, the Group will continuously expand and maintain sales of AXEEV, a core product in its business, in leading markets such as the U.S., Brazil, Australia, and Argentina by taking various measures to counter generic products in addition to promoting development of new mixed formulations and providing appropriate support for sales promotions. At the same time, the Group will work to optimize inventory, as distribution inventories have increased in some regions. The Group will also expand sales of EFFEEDA in South Korea as well as promoting its development in other Asian countries, Europe, and the U.S. The Group will also launch and promote sales of new mixed formulations containing DISARTA in South Korea.

Going forward, the Group will continue striving to improve global agricultural productivity and increase producer incomes by promoting its proprietary products and providing technical guidance.

In the area of specialty sales, the Group will maximize sales and profit by making effective use of proprietary agricultural chemical formulation technologies to acquire contract manufacturing for new formulations, and expand proprietary products, including EFFEEDA and Bensulfuron-Methyl agents. The Group will work to diversify sales channels in order to sell more proprietary products to other manufacturers.

In the Fine Chemicals Business segment, the Group will work to maximize sales and profit by driving further growth of chloroxylene derivatives, the raw materials for aramid fibers; expanding sales of bismaleimide, amine curing agents, industrial chemicals, and expanded polystyrene products; and growing the contract manufacturing business in step with market trends. It will also seek to expand the domain of the Fine Chemicals Business by strengthening and promoting collaboration between research and development departments and the Fine Chemicals Business across the entire Group to create new high value-added businesses.

In the Other Business segment, the Group will address the following issues in each business. In the construction business, the Group will firmly establish the corporate brand and work to increase recognition among general customers. In the printing business, the Group will strive to improve services to serve customer needs, maintain and improve business quality, and make production processes even more efficient. In the logistics business, the Group will install roof-top solar power generating equipment on plants and warehouses and strive to reduce environmental impact by using renewable diesel fuel made from waste cooking oil and using waste animal and vegetable oils as raw materials, in addition to continuing to participate in the government-supported “White Logistics” movement, improving logistics efficiency through modal shift and consolidation of transportation networks, and promoting mechanization and automation of logistics.

In the area of production, the Group will work to reduce costs through efficient production of active ingredients and formulations, to reduce costs by the improvement of manufacturing conditions, and to strengthen capital investment and enhance plant functions for efficient production. The Group will also accelerate reductions in greenhouse gas emissions and waste as it strives to make its plants even cleaner. In the area of procurement, the Group will establish and implement a new materials procurement plan that includes early placement of orders in order to support the “White Logistics” movement.

In the area of research and development, in addition to conventional agricultural chemicals, the Group will work to create new environmentally friendly products that are in harmony with nature by developing microbial pesticides, bio-stimulants, and other products to address Japan’s Strategy for Sustainable Food Systems (Strategy MIDORI) and the EU’s Farm to Fork Strategy. The Group has obtained agricultural chemical registrations in Japan for VANENTA, a new acaricide, and ECOARK, a microbial pesticide for the control of crown gall in fruit trees and roses and is preparing to launch these products. The Group will also pursue evaluation processes overseas.

The Group will continue its global product development with the aim of maximizing sales volumes by differentiating its products from generics leveraging new mixed formulations and new formulations containing AXEEV, the core of the Agricultural Chemicals Business; expanding applications for EFFEEDA; and developing mixed formulations containing DISARTA. The Group is also working to improve profitability by optimizing production arrangements for active ingredients. In addition, it will further step up efforts to develop chemical products prudently in order to reduce environmental impact from the research stage, including new molecule research that anticipates possible regulation of per- and polyfluoroalkyl substances (PFAS).

The new chemicals research institute Shimizu Innovation Park (ShIP), under construction since 2021, began full-scale operations in October 2023. The Group integrated the Process Chemistry Research Center, the Formulation Technology Research Center, and the New Molecule Research Center, which were in separate locations in Shizuoka Prefecture, into the chemical research institute built on the site of the Company's former plant in Shimizu-ku, Shizuoka, Shizuoka Prefecture, which is the birthplace of the Company. Through the synergies generated, the Group aims to accelerate research into creation of new agricultural chemicals and chemical products as well as further expand research domains.

In the area of sustainability management, the Group has set a target to reduce its greenhouse gas emissions by 30% from 2019 by 2030 as an initiative to address climate change and reduce environmental impact, issues which are deeply connected to the Company's core Agricultural Chemicals and Agriculture-Related Business. The Group is introducing CO<sub>2</sub>-free electricity and switching to low-CO<sub>2</sub> fuels and will continue to promote further reductions. In addition, as contributions to biodiversity, the Group will properly manage and reduce water resource consumption and waste, as well as creating a biotope in a location close to the Life Science Research Institute. The Group also works on tree planting and raising activities in the Company-owned forest in Fukushima, Hokkaido and will contribute to reducing CO<sub>2</sub> emissions arising from disposal of thinned wood as well as reducing the burdens on transportation workers by producing and utilizing pallets made of thinned wood from the Company-owned forest.

In the area of initiatives to address social issues, Kumiai Chemical Industry was registered as a participating company in the United Nations Global Compact on September 18, 2023, and the Group will support and put into practice the 10 principles in the four fields of human rights, labour, the environment, and anti-corruption. Moreover, as a human resources strategy aimed at strengthening human capital, Kumiai Chemical Industry will recruit human resources that fit Company expectations by formulating and working on human resources policy proposals for each of the issues of recruitment, training, assignment/career development, personnel system, evaluation, remuneration, diversity, and work-life balance.

Kumiai Chemical Industry has established "Dreams and Triangle for Happiness," which consists of a process in which each and every employee conceives dreams, makes efforts to achieve those dreams, feels a sense of accomplishment and fulfillment due to this achievement, which in turn leads to happiness. With "Dreams and Triangle for Happiness" as its slogan, in fiscal 2024, the Group will steadily implement measures for the first year of its Medium-Term Business Plan. The Group will also aim to be "a corporate group with the flexibility and strong presence needed to enrich people's lives with its unique technologies, that contributes to the sustainable development of society in harmony with nature," which is the Ultimate Goals of the Kumiai Chemical Group as it becomes a 100-year-old company.

Kumiai Chemical Industry forecasts net sales of ¥167,000 million, operating income of ¥12,000 million, ordinary income of ¥15,000 million, and net income attributable to owners of the parent of ¥11,000 million in the earnings forecast for next fiscal year, ending October 31, 2024.

## **2. Basic Policy Regarding Selection of Accounting Standards**

The Kumiai Chemical Group will prepare its consolidated financial statements based on Japanese standards for the foreseeable future, as this enables a comparison of fiscal years in the consolidated financial statements as well as a comparison of companies.

The Group will take the appropriate response to the application of IFRS, taking into consideration circumstances in Japan and overseas.

## 2. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Millions of yen	
	As of October 31, 2022	As of October 31, 2023
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	22,300	27,080
Notes, accounts receivable–trade, and contract assets	49,702	35,751
Merchandise and finished products	38,411	51,232
Work in process	10,250	12,295
Raw materials and supplies	7,531	9,916
Other current assets	4,748	5,745
Allowance for doubtful accounts	(107)	(25)
<b>Total current assets</b>	<b>132,836</b>	<b>141,995</b>
<b>Fixed assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures, net	13,992	20,781
Machinery, equipment and vehicles, net	10,018	9,737
Land	12,389	12,149
Construction in progress	5,006	2,202
Other property, plant and equipment, net	1,739	2,719
<b>Total property and equipment</b>	<b>43,145</b>	<b>47,587</b>
<b>Intangible fixed assets:</b>		
Goodwill	3,419	2,757
Other intangible assets	1,412	1,232
<b>Total intangible assets</b>	<b>4,831</b>	<b>3,989</b>
<b>Investments and other assets:</b>		
Investments securities	21,038	30,453
Long-term loans	318	517
Deferred tax assets	1,061	1,098
Net defined benefit asset	77	56
Other	1,465	1,514
Allowance for doubtful accounts	(166)	(270)
<b>Total investments and other assets</b>	<b>23,793</b>	<b>33,367</b>
<b>Total fixed assets</b>	<b>71,768</b>	<b>84,944</b>
<b>Total assets</b>	<b>204,604</b>	<b>226,939</b>



	Millions of yen	
	As of October 31, 2022	As of October 31, 2023
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	20,985	19,067
Short-term loan payable	22,653	37,404
Accounts payable-other	8,678	7,356
Income taxes payable	4,765	1,683
Provision for bonuses	1,713	1,908
Provision for environmental measures	394	201
Other current liabilities	3,680	4,069
<b>Total current liabilities</b>	<b>62,868</b>	<b>71,688</b>
<b>Long-term liabilities:</b>		
Long-term loan payable	12,280	8,355
Deferred tax liabilities	1,398	1,242
Provision for directors' retirement benefits	488	386
Provision for environmental measures	210	—
Net defined benefit liability	4,394	4,401
Asset retirement obligations	42	43
Other long-term liabilities	929	980
<b>Total long-term liabilities</b>	<b>19,741</b>	<b>15,406</b>
<b>Total liabilities</b>	<b>82,609</b>	<b>87,094</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	4,534	4,534
Capital surplus	37,403	37,467
Retained earnings	86,649	100,969
Less treasury stocks, at cost	(9,370)	(9,240)
<b>Total shareholders' equity</b>	<b>119,216</b>	<b>133,731</b>
<b>Accumulated other comprehensive income:</b>		
Valuation differences on available-for-sale securities	1,485	1,629
Foreign currency translation adjustments	(5,121)	(2,214)
Remeasurements of defined benefit plans	(112)	(120)
<b>Total accumulated other comprehensive loss</b>	<b>(3,748)</b>	<b>(706)</b>
<b>Non-controlling interests</b>	<b>6,527</b>	<b>6,819</b>
<b>Total net assets</b>	<b>121,995</b>	<b>139,845</b>
<b>Total liabilities and net assets</b>	<b>204,604</b>	<b>226,939</b>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	Millions of yen	
	Year ended October 31, 2022	Year ended October 31, 2023
<b>Net sales</b>	145,302	161,002
<b>Cost of sales</b>	111,101	124,341
<b>Gross profits</b>	34,201	36,661
<b>Selling, general and administrative expenses</b>	21,529	22,572
<b>Operating income</b>	12,673	14,089
<b>Non-operating income:</b>		
Interest income	50	125
Dividend income	169	605
Reversal of allowance for doubtful accounts	73	75
Equity in earnings of affiliates	2,224	8,664
Foreign exchange gains	8,470	493
Other	164	467
<b>Total non-operating income</b>	11,149	10,431
<b>Non-operating expenses:</b>		
Interest expenses	180	225
Provision of allowance for doubtful accounts	—	149
Other	72	30
<b>Total non-operating expenses</b>	251	405
<b>Ordinary income</b>	23,570	24,115
<b>Extraordinary income:</b>		
Gain on disposal of fixed assets	114	8
Gain on sales of investment securities	—	5
Subsidy income	178	287
Insurance income	112	88
Reversal of provision for environmental measures	—	27
<b>Total extraordinary income</b>	404	415
<b>Extraordinary loss:</b>		
Loss on disposal of fixed assets	228	359
Loss on reduction of fixed assets	43	7
Impairment losses	—	483
Loss on valuation of investment securities	6	360
Loss on sales of golf club membership	—	0
Loss on valuation of golf club membership	—	1
Environmental expenses	461	—
Loss on disaster	117	—
<b>Total extraordinary loss</b>	856	1,210
<b>Income before income taxes and non-controlling interests</b>	23,119	23,320
Current	6,701	5,122
Deferred	(291)	(228)
<b>Total income taxes</b>	6,411	4,893
<b>Net income</b>	16,709	18,427
<b>Net income attributable to non-controlling interests</b>	379	403
<b>Net income attributable to owners of parent</b>	16,329	18,024

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Year ended October 31, 2022	Year ended October 31, 2023
<b>Net income</b>	16,709	18,427
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	162	152
Foreign currency translation adjustment	1,160	266
Remeasurements of defined benefit plans	(129)	(8)
Share of other comprehensive income of associates accounted for using equity method	689	2,706
<b>Total other comprehensive income</b>	1,882	3,116
<b>Comprehensive income</b>	18,591	21,543
(Breakdown)		
Comprehensive income attributable to owners of the parent	17,973	21,066
Comprehensive income attributable to non-controlling interests	618	477

### (3) Consolidated Statements of Changes in Net Assets

Year ended October 31, 2022	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Balance at the end of the previous period	4,534	37,370	72,710	(5,334)	109,281
Cumulative effects of changes in accounting policies			(179)		(179)
Restated balance	4,534	37,370	72,532	(5,334)	109,102
Changes during the period					
Cash dividends			(2,212)		(2,212)
Net income attributable to owners of parent			16,329		16,329
Purchase of treasury stock				(4,082)	(4,082)
Disposal of treasury stock		(0)		46	46
Increase (decrease) in capital surplus due to change in equity in consolidated subsidiaries		33			33
Increase in retained earnings due to an increase in consolidated subsidiaries					—
Net changes during the period except for shareholders' equity					
Total changes during the period	—	33	14,117	(4,036)	10,114
Balance at the end of the period	4,534	37,403	86,649	(9,370)	119,216

Year ended October 31, 2022	Millions of yen					
	Accumulated other comprehensive income					
	Valuation differences on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the end of the previous period	1,320	(6,728)	17	(5,392)	6,065	109,954
Cumulative effects of changes in accounting policies				—		(179)
Restated balance	1,320	(6,728)	17	(5,392)	6,065	109,954
Changes during the period						
Cash dividends						(2,212)
Net income attributable to owners of parent						16,329
Purchase of treasury stock						(4,082)
Disposal of treasury stock						46
Increase (decrease) in capital surplus due to change in equity in consolidated subsidiaries						33
Increase in retained earnings due to an increase in consolidated subsidiaries						—
Net changes during the period except for shareholders' equity	165	1,607	(129)	1,644	462	2,106
Total changes during the period	165	1,607	(129)	1,644	462	12,220
Balance at the end of the period	1,485	(5,121)	(112)	(3,748)	6,527	121,995

Year ended October 31, 2023	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity
Balance at the end of the previous period	4,534	37,403	86,649	(9,370)	119,216
Cumulative effects of changes in accounting policies					—
Restated balance	4,534	37,403	86,649	(9,370)	119,216
Changes during the period					
Cash dividends			(3,846)		(3,846)
Net income attributable to owners of parent			18,024		18,024
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		17		132	149
Increase (decrease) in capital surplus due to change in equity in consolidated subsidiaries		48			48
Increase in retained earnings due to an increase in consolidated subsidiaries			143		143
Net changes during the period except for shareholders' equity					
Total changes during the period	—	65	14,321	130	14,515
Balance at the end of the period	4,534	37,467	100,969	(9,240)	133,731

Year ended October 31, 2023	Millions of yen					
	Accumulated other comprehensive income					
	Valuation differences on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at the end of the previous period	1,485	(5,121)	(112)	(3,748)	6,527	121,995
Cumulative effects of changes in accounting policies				—		—
Restated balance	1,485	(5,121)	(112)	(3,748)	6,527	121,995
Changes during the period						
Cash dividends						(3,846)
Net income attributable to owners of parent						18,024
Purchase of treasury stock						(2)
Disposal of treasury stock						149
Increase (decrease) in capital surplus due to change in equity in consolidated subsidiaries						48
Increase in retained earnings due to an increase in consolidated subsidiaries						143
Net changes during the period except for shareholders' equity	144	2,907	(8)	3,042	292	3,334
Total changes during the period	144	2,907	(8)	3,042	292	17,850
Balance at the end of the period	1,629	(2,214)	(120)	(706)	6,819	139,845

#### (4) Consolidated Statements of Cash Flows

	Millions of yen	
	Year ended October 31, 2022	Year ended October 31, 2023
<b>Cash flows from operating activities:</b>		
Income before income taxes and non-controlling interests	23,119	23,320
Depreciation and amortization	4,175	4,426
Amortization of goodwill	662	662
Increase (decrease) in allowance for doubtful accounts	(91)	22
Increase in provision for bonuses	82	166
Increase (decrease) in provision for environmental measures	161	(403)
Increase (decrease) in net defined benefit asset and liability	104	(20)
Increase (decrease) in provision for directors' retirement benefits	75	(125)
Interest and dividend income	(218)	(731)
Equity in earnings of affiliates	(2,224)	(8,664)
Interest expenses	180	225
Foreign exchange gains	(5,382)	(2,243)
Subsidy income	(178)	(287)
Loss on disposal of property, plant and equipment	114	352
Loss on reduction of fixed assets	43	7
Impairment losses	—	483
Gain on sales of investment securities	—	(5)
Loss on valuation of investment securities	6	360
Decrease (increase) in notes and accounts receivable	(13,382)	14,087
Increase in inventories	(5,636)	(16,422)
Decrease in notes and accounts payable	(1,073)	(3,126)
Other, net	2,326	(1,457)
Sub total	2,861	10,627
Interest and dividend income received	952	2,567
Interest expenses paid	(183)	(224)
Income taxes paid	(4,790)	(8,224)
Income taxes refund	1	15
Net cash provided by operating activities	(1,159)	4,762
<b>Cash flows from investing activities:</b>		
Decrease (increase) in time deposits, net	102	(161)
Proceeds from redemption of securities	300	—
Acquisitions of property, plant and equipment	(7,817)	(8,692)
Proceeds from sale of property, plant and equipment	180	36
Acquisitions of intangible assets	(164)	(126)
Acquisitions of investments in securities	(365)	(1,178)
Proceeds from sales of investments in securities	—	10
Payments of loans receivable	(324)	(220)
Collection of loans receivable	123	222
Purchase of insurance funds	(75)	(79)
Proceeds from maturity of insurance funds	176	11
Subsidies received	178	287
Other, net	(138)	(208)
Net cash used in investing activities	(7,823)	(10,099)

	Millions of yen	
	Year ended October 31, 2022	Year ended October 31, 2023
<b>Cash flows from financing activities:</b>		
Increase in short-term bank loans, net	16,553	15,243
Proceeds from long-term loans payable	—	100
Repayment of long-term loans payable	(4,307)	(4,280)
Net increase in treasury stock	(4,082)	(2)
Cash dividends paid	(2,206)	(3,835)
Cash dividends paid to non-controlling interests	(119)	(137)
Other, net	(224)	(225)
Net cash used in financing activities	5,615	6,864
Effect of exchange rate changes on cash and cash equivalents	6,014	2,248
Net increase in cash and cash equivalents	2,647	3,774
Cash and cash equivalents at beginning of year	19,424	22,071
Increase in cash and cash equivalents resulting from merger	—	726
Cash and cash equivalents at end of year	22,071	26,572

(Segment Information, etc.)

[ Segment Information ]

## 1. Overview of the Reporting Segments

### *(1) The method to categorize reported segments*

The reportable segments of the Group are those for which separate financial information is available and are subject to periodic review in order for the Company's Board of Directors to determine the allocation of management resources and evaluate performance.

### *(2) Products and services categorized for each reported segments*

The principal products and services in each reportable segment are as in the table below.

Agricultural Chemicals and Agriculture-Related	Manufacture, sale, import and export of agricultural chemicals (insecticide, fungicide, herbicide, etc.), sale of greening materials, comprehensive golf course maintenance
Fine Chemicals	Manufacture, sale, import and export of toluene and xylene-based chemicals, fine chemicals, industrial chemicals, and expanded polystyrene

## 2. Method of Calculation of Amounts of Net Sales and Profit for Each Reportable Segment

The accounting methods for each of the reportable business segments are the same as those described in "Basis of Presentation of the Consolidated Financial Statements."

Profit for each reportable segment is the figure based on operating income. Internal revenues and inter-segment transfers are based on prevailing market prices.



### 3. Information regarding sales and income or loss of reportable segments

For the fiscal year ended October 31, 2022 (From November 1, 2021 to October 31, 2022)

	Millions of yen						
	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Agricultural Chemicals and Agriculture- Related	Fine Chemicals	Total				
Net sales:							
Outside customers	112,430	25,004	137,434	7,869	145,302	—	145,302
Inter-segment	3	27	29	4,162	4,192	(4,192)	—
Total	112,433	25,030	137,463	12,031	149,494	(4,192)	145,302
Segment income/(loss)	13,065	900	13,965	637	14,602	(1,930)	12,673

(Notes)

1. The Other Business segment was not included under reportable segments. It is comprised of the leasing business, power generation and electricity sales business, construction business, printing business, logistics business, and information services business.
2. The segment income adjustment of ¥1,930 million consists of corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general administrative expenses that are not attributable to reportable segments.
3. Segment income was reconciled to operating income in the consolidated statements of income.

For the fiscal year ended October 31, 2023 (From November 1, 2022 to October 31, 2023)

	Millions of yen						
	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Agricultural Chemicals and Agriculture- Related	Fine Chemicals	Total				
Net sales:							
Outside customers	129,466	22,472	151,938	9,064	161,002	—	161,002
Inter-segment	3	61	64	4,164	4,227	(4,227)	—
Total	129,469	22,533	152,002	13,227	165,229	(4,227)	161,002
Segment income/(loss)	14,805	528	15,333	848	16,182	(2,093)	14,089

(Notes)

1. The Other Business segment was not included under reportable segments. It is comprised of the leasing business, power generation and electricity sales business, construction business, printing business, logistics business, and information services business.
2. The segment income adjustment of ¥2,093 million consists of corporate expenses not allocated to each reportable segment. Corporate expenses primarily consist of general administrative expenses that are not attributable to reportable segments.
3. Segment income was reconciled to operating income in the consolidated statements of income.

**(Significant Subsequent Event)**

(Absorption-type merger of wholly owned subsidiary)

The meeting of the Board of Directors of Kumiai Chemical Industry Co., Ltd. (“the Company”) held on December 5, 2023 resolved to implement an absorption-type merger with the Company as the surviving company and K-I Information System Co., Ltd., the Company’s wholly owned subsidiary, as the absorbed company, and the merger agreement was concluded on the same date.

**1. Overview of Business Combination**

*(1) Name and business description of the acquired company*

Name of the acquired company: K-I INFORMATION SYSTEM CO., LTD.

Business content: Information services business

*(2) Date of the business combination*

May 1, 2024 (planned)

*(3) Legal form of business combination*

An absorption-type merger, with Kumiai Chemical Industry as the surviving company and K-I Information System as the absorbed company

*(4) Other matters concerning overview of the transaction*

The Company has been collaborating with K-I Information System Co., Ltd., which is a company responsible for information services within the Group, on various measures to promote business efficiency through the use of digital technology and on ensuring preparedness for security incidents.

With the aim of further accelerating the improvement of operations through digitalization, as well as to generate further synergies by incorporating K-I Information System into the Company’s ICT division, and to lay the groundwork for the further promotion of digital transformation, the Company decided to implement an absorption-type merger with K-I Information System, effective May 1, 2024.

**2. Overview of Accounting Treatment**

The business combination will be accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, January 16, 2019) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).