

# **First Quarter Financial Results for the Fiscal Year Ending October 31, 2023**

**March 24, 2023**

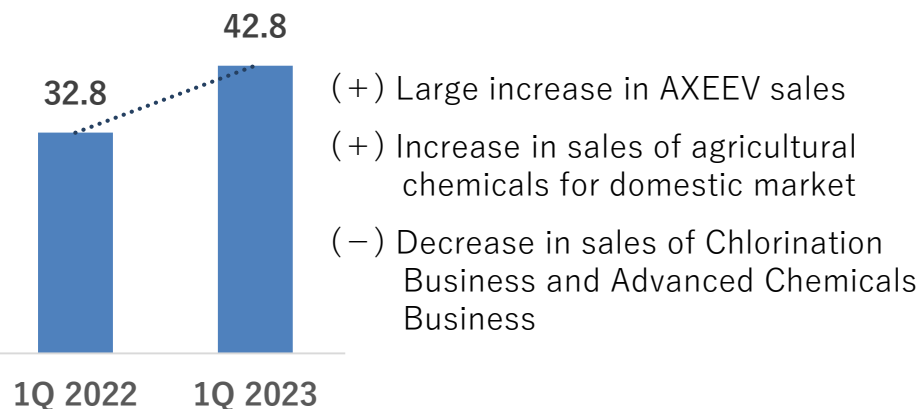
 **KUMIAI CHEMICAL INDUSTRY CO., LTD.**

# Financial Results for the First Quarter of FY2023

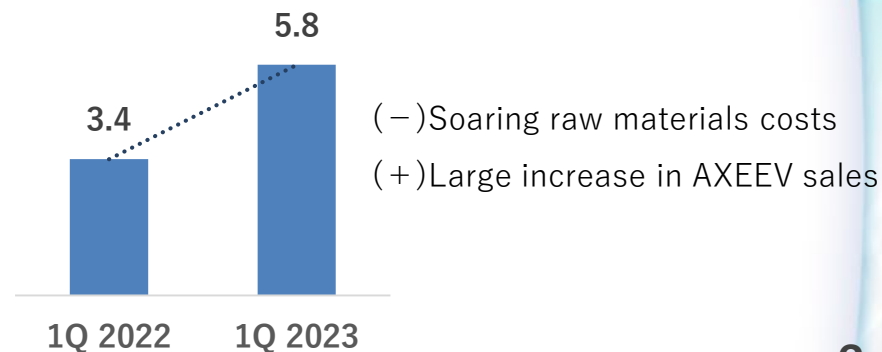
Unit: Billions of Yen	1Q 2022 Results	1Q 2023 Results	YoY (Amount)	Rate
<b>Net Sales</b>	<b>32.8</b>	<b>42.8</b>	<b>+ 10.0</b>	<b>+ 30%</b>
<b>Gross Profits</b>	<b>8.2</b>	<b>11.0</b>	<b>+ 2.9</b>	<b>+ 35%</b>
<b>Operating Income</b>	<b>3.4</b>	<b>5.8</b>	<b>+ 2.4</b>	<b>+ 69%</b>
<b>Ordinary Income</b>	<b>4.0</b>	<b>4.0</b>	<b>+ 0.1</b>	<b>+ 2%</b>
<b>Net income attributable to owners of parent</b>	<b>2.6</b>	<b>3.4</b>	<b>+ 0.8</b>	<b>+ 31%</b>

Ref.) Average of exchange rates    ¥/US\$=114    ¥/US\$=137  
    ¥/EUR=130    ¥/EUR=143

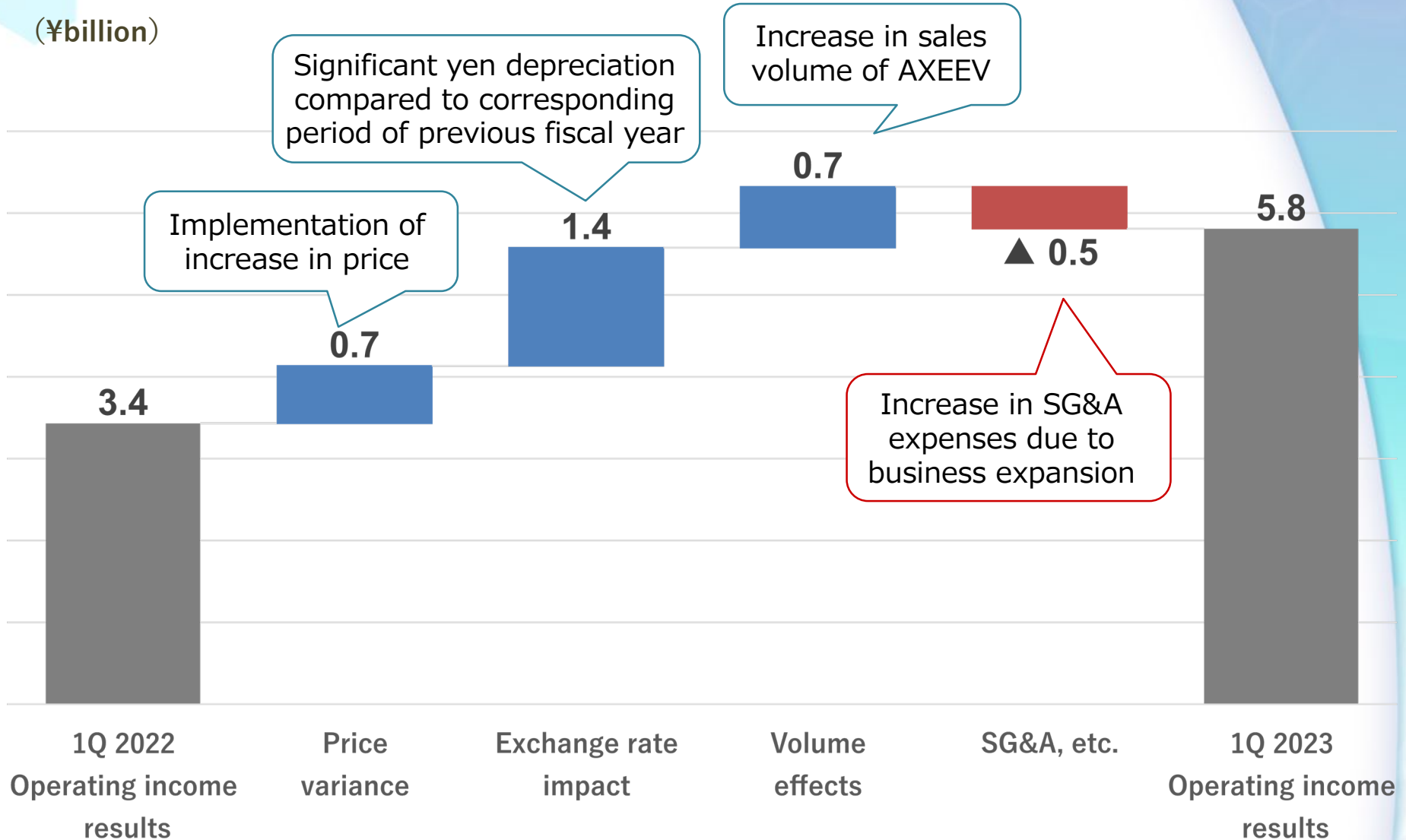
## Consolidated Sales



## Consolidated Operating Income



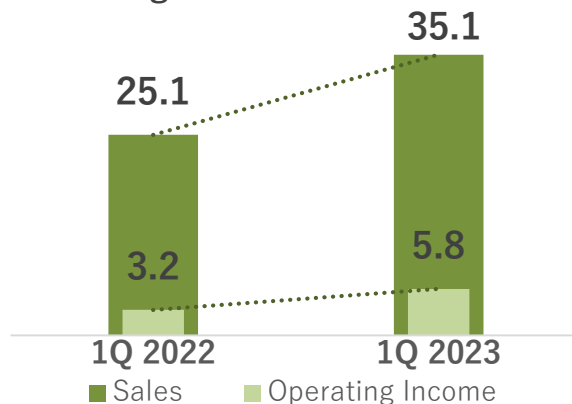
# Factors Contributing to Change in Operating Income



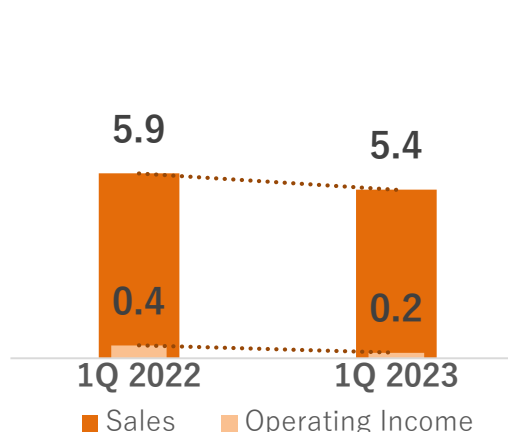
# Financial Results by Business Segment

Unit: Billions of Yen	1Q 2022 Results	1Q 2023 Results	YoY (Amount)	Rate
<b>Net Sales</b>	<b>32.8</b>	<b>42.8</b>	<b>+ 10.0</b>	<b>+ 30%</b>
Agricultural Chemicals and Agriculture-Related	25.1	35.1	+ 10.0	+ 40%
Fine Chemicals	5.9	5.4	△0.5	△9%
Other	1.8	2.3	+ 0.5	+ 24%
<b>Operating Income</b>	<b>3.4</b>	<b>5.8</b>	<b>+ 2.4</b>	<b>+ 69%</b>
Agricultural Chemicals and Agriculture-Related	3.2	5.8	+ 2.6	+ 82%
Fine Chemicals	0.4	0.2	△0.2	△56%
Other	0.2	0.1	△0.1	△32%
Adjustment	0.4	0.3	△0.0	△13%

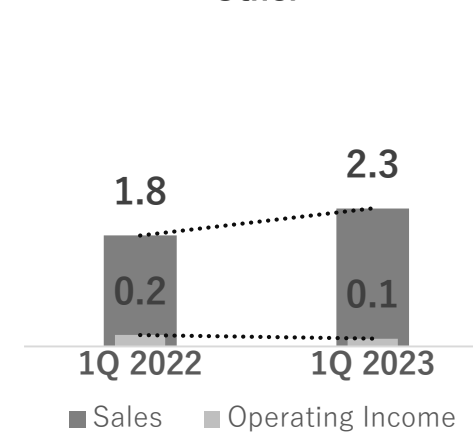
Agricultural Chemicals and Agriculture-Related



Fine Chemicals



Other



# Agricultural Chemicals and Agriculture-Related Businesses

## Domestic

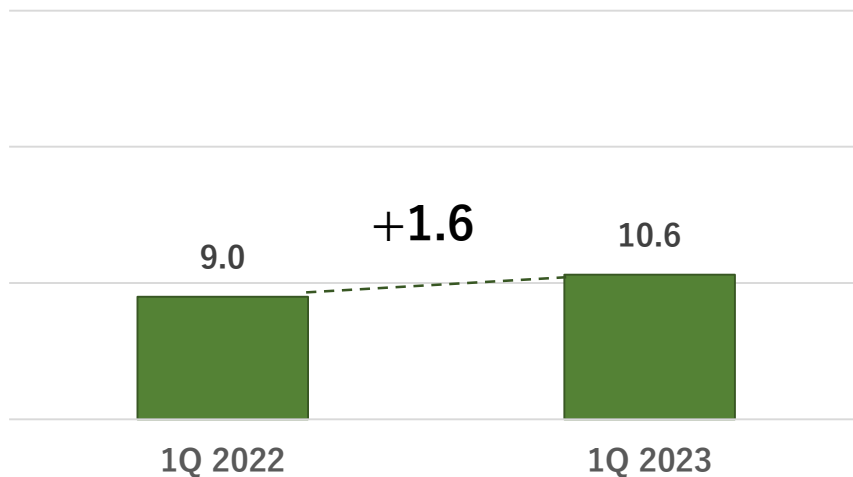
Sales of Effeeda and box-treatment products such as DISARTA remained steady.  
 Early shipments were made due to increase in rush demand before price revisions.

## Overseas

Shipments of AXEEV to the U.S. increased significantly.  
 Price increases and depreciation of Japanese yen pushed up sales year on year.

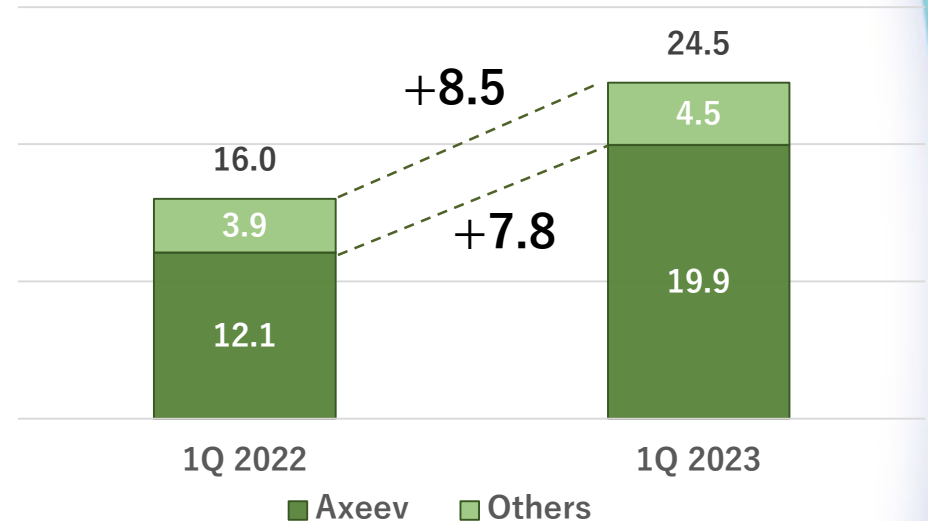
(¥billion)

Sales in Domestic



(¥billion)

Sales in Overseas



## Fine Chemicals Business

### Chlorination

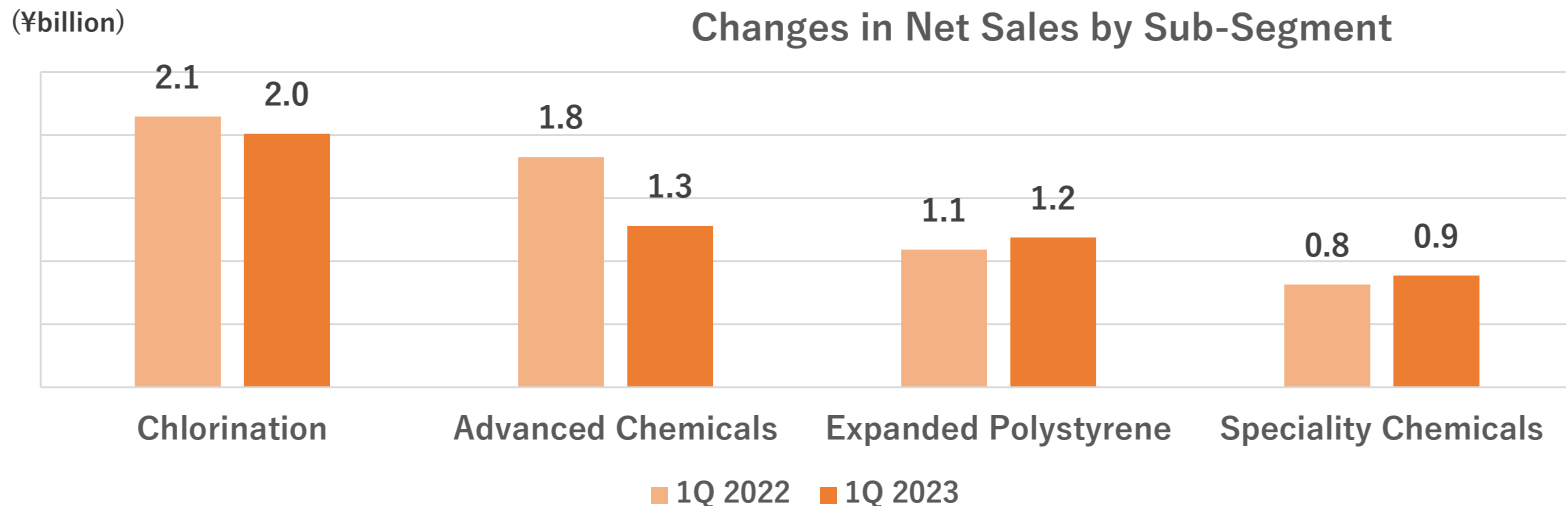
Demand for some chloroxylene-based chemical products decreased due to economic slowdown in China and the U.S..

### Advanced Chemicals

Demand for bismaleimides decreased due economic slowdown in China and the U.S.. Inventory adjustments were made across semiconductor market with the exception of some sectors.

### Expanded Polystyrene & Speciality Chemicals

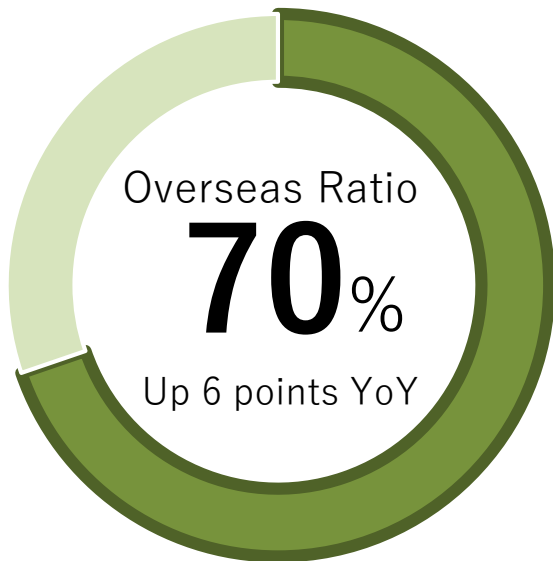
Sales were flat year on year.



## Overseas Sales and Ratio

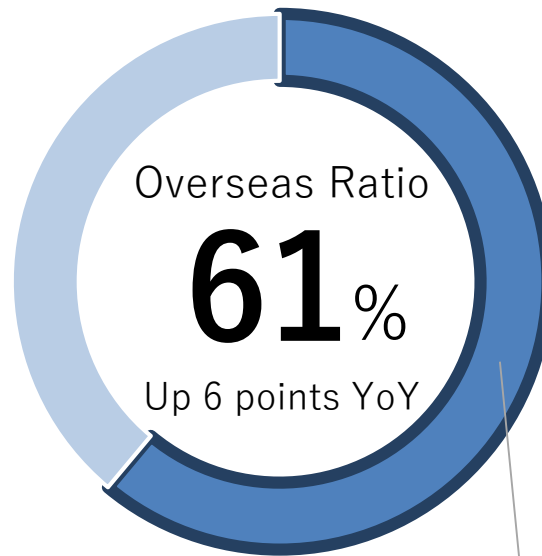
# Overseas Sales and Ratio for the First Quarter of FY2023

Agricultural Chemicals  
and Agriculture-Related



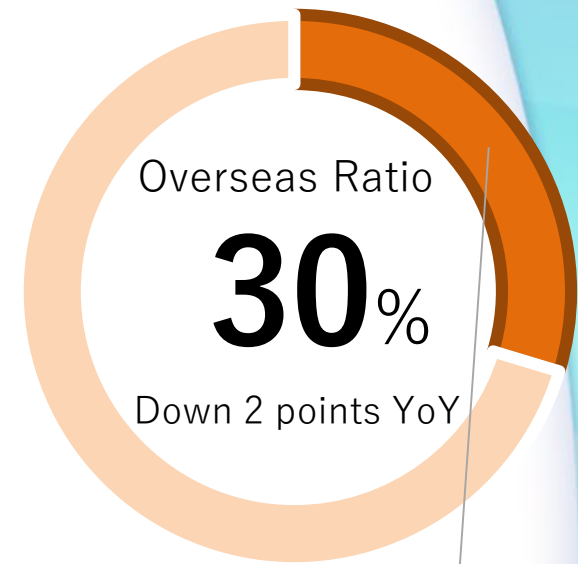
¥24.5billion

Overall



¥26.1billion

Fine Chemicals



¥1.6billion

# Summary of the First Quarter of FY2023

## Overall

Net Sales      ¥**42.8**billion (YoY + ¥10.0B)

Operating Income    ¥**5.8**billion (YoY + ¥2.4B)

Ordinary Income    ¥**4.0**billion (YoY + ¥0.1B)

- ✓ Agricultural Chemicals and Agriculture-Related Business remained strong
- ✓ As raw material costs are still on the rise, price increase was implemented for agricultural chemicals in domestic market and AXEEV.
- ✓ Significant depreciation of Japanese yen pushed up sales and profit YoY.
- ✓ Foreign exchange losses were recorded, but equity-method investment profits increased.

## Agricultural Chemicals and Agriculture-Related

Net Sales      ¥**35.1**billion (YoY + ¥10.0B)

Operating Income    ¥**5.8**billion (YoY + ¥2.6B)

- ✓ AXEEV sales grew 65% YoY.
- ✓ Effeeda and DISARTA performed well.
- ✓ Increased rush demand for agricultural chemicals in domestic market before price increase

## Fine Chemicals

Net Sales      ¥**5.4**billion (YoY△¥0.5B)

Operating Income    ¥**0.2**billion (YoY△¥0.2B)

- ✓ Decrease in sales of bismaleimides and some of chloroxylene-based chemical products due to low demands by economic slowdown in China and the U.S.
- ✓ Demand decreased due to inventory adjustments in semiconductor market.

## Other

Net Sales      ¥**2.3**billion (YoY + ¥0.5B)

Operating Income    ¥**0.1**billion (YoY△¥0.1B)

- ✓ Increase in sales of construction business due to progress in construction work carried over from the previous fiscal year.



# Earnings Forecast for the FY2023 (1H)

Unit: Billions of Yen	2Q 2022 Results	2Q 2023 Forecast	YoY (Amount)	Rate
<b>Net Sales</b>	<b>72.2</b>	<b>92.4</b>	<b>+ 20.2</b>	<b>+ 28%</b>
<b>Operating Income</b>	<b>7.9</b>	<b>10.1</b>	<b>+ 2.2</b>	<b>+ 28%</b>
<b>Ordinary Income</b>	<b>11.4</b>	<b>12.4</b>	<b>+ 1.0</b>	<b>+ 8%</b>
<b>Net income attributable to owners of parent</b>	<b>8.0</b>	<b>9.0</b>	<b>+ 1.0</b>	<b>+ 13%</b>

Ref.) Average of exchange rates

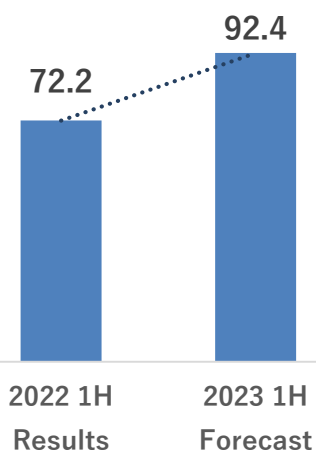
¥/US\$=117

¥/US\$=135

¥/EUR=130

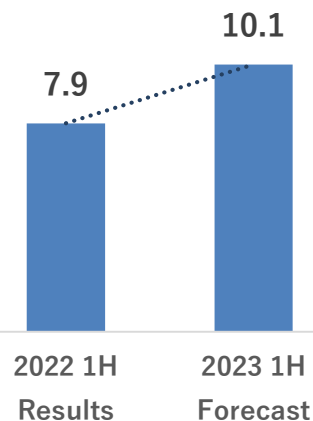
¥/EUR=142

## 1H Consolidated Sales



- (+) Large increase in AXEEV sales
- (+) Increase in sales of Effeeda and DISARTA
- (-) In Fine Chemicals Business, demand trends in a market of aramid fiber, semiconductors and electronic materials are uncertain

## 1H Consolidated Operating Income



- (-) Soaring raw materials costs
- (+) Large increase in AXEEV sales

# Earnings Forecast for the FY2023

Unit: Billions of Yen	2022 Results	2023 Forecast	YoY (Amount)	Rate
<b>Net Sales</b>	<b>145.3</b>	<b>167.9</b>	<b>+ 22.6</b>	<b>+ 16%</b>
Agricultural Chemicals and Agriculture-Related	112.4	134.5	+ 22.1	+ 20%
Fine Chemicals	25.0	24.5	△0.5	△2%
Other	7.9	8.9	+ 1.0	+ 13%
<b>Operating Income</b>	<b>12.7</b>	<b>14.5</b>	<b>+ 1.8</b>	<b>+ 14%</b>
<b>Ordinary Income</b>	<b>23.6</b>	<b>19.3</b>	<b>△4.3</b>	<b>△18%</b>
<b>Net income attributable to owners of parent</b>	<b>16.3</b>	<b>14.1</b>	<b>△2.2</b>	<b>△14%</b>

Ref.) Average of exchange rates

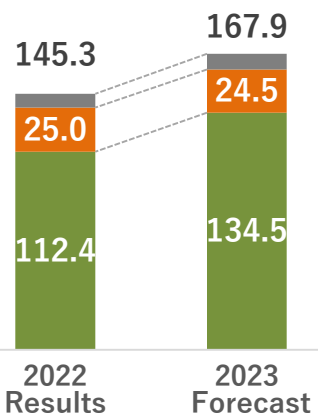
¥/US\$=129

¥/US\$=135

¥/EUR=135

¥/EUR=142

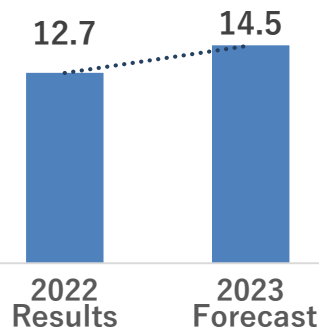
## Consolidated Sales



- (+) Large increase in AXEEV sales
- (+) Increase in sales of Effeeda and DISARTA
- (-) In Fine Chemicals Business, demand trends in a market of aramid fiber, semiconductors and electronic materials are uncertain

■ Agricultural Chemicals and Agriculture-Related  
■ Fine Chemicals ■ Other

## Consolidated Operating Income



- (-) Soaring raw materials costs
- (+) Large increase in AXEEV sales

## R&D expenses, Capital investment, Depreciation and amortization

### R&D expenses

FY2022 Results ¥ **5.1** billion → FY2023 Forecast ¥ **5.9** billion

(Factors) Increase in number of employees in R&D division, Increase in travel expenses relating to R&D activities

### Capital investment

FY2022 Results ¥ **9.6** billion → FY2023 Forecast ¥ **8.8** billion

(Factors) Main part of construction costs for building of new chemical research institute were recorded in FY2022

### Depreciation and amortization

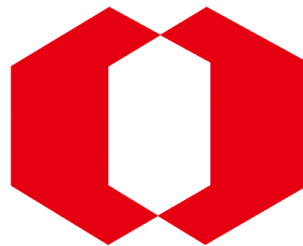
FY2022 Results ¥ **4.2** billion → FY2023 Forecast ¥ **4.7** billion

(Factors) Construction of new fine chemical plants, updating aging facilities, etc.

# Thank you for your attention.

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**クミカ**

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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<Inquiries>

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Corporate Planning Section, Corporate Planning & Coordination Department,  
Corporate Planning & Coordination Division

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