

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

**June 20, 2023**

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

# Today's Agenda

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# Business Environment Trends

## Prolongation of conflict between Russia and Ukraine

Since we have quiet limited businesses with the companies in Russia and Ukraine, there is no big negative impact on our total sales. On the other hand, raw material and manufacturing costs to produce our products have increased due to high crude oil price.

We are closely monitoring the impact on global cereal prices and planting situations, as both countries are one of main producing regions for wheat and other grains.

## Crude oil and naphtha prices

Although prices have peaked out and tend to settle from now on, raw material costs in our business remain high.

## ¥/\$ exchange rate

In 2Q, the depreciation of the Japanese yen compared to the previous 2Q was a factor for increase in procurement prices and other costs, but it also pushed up our sales and profit by more than the increase in costs.

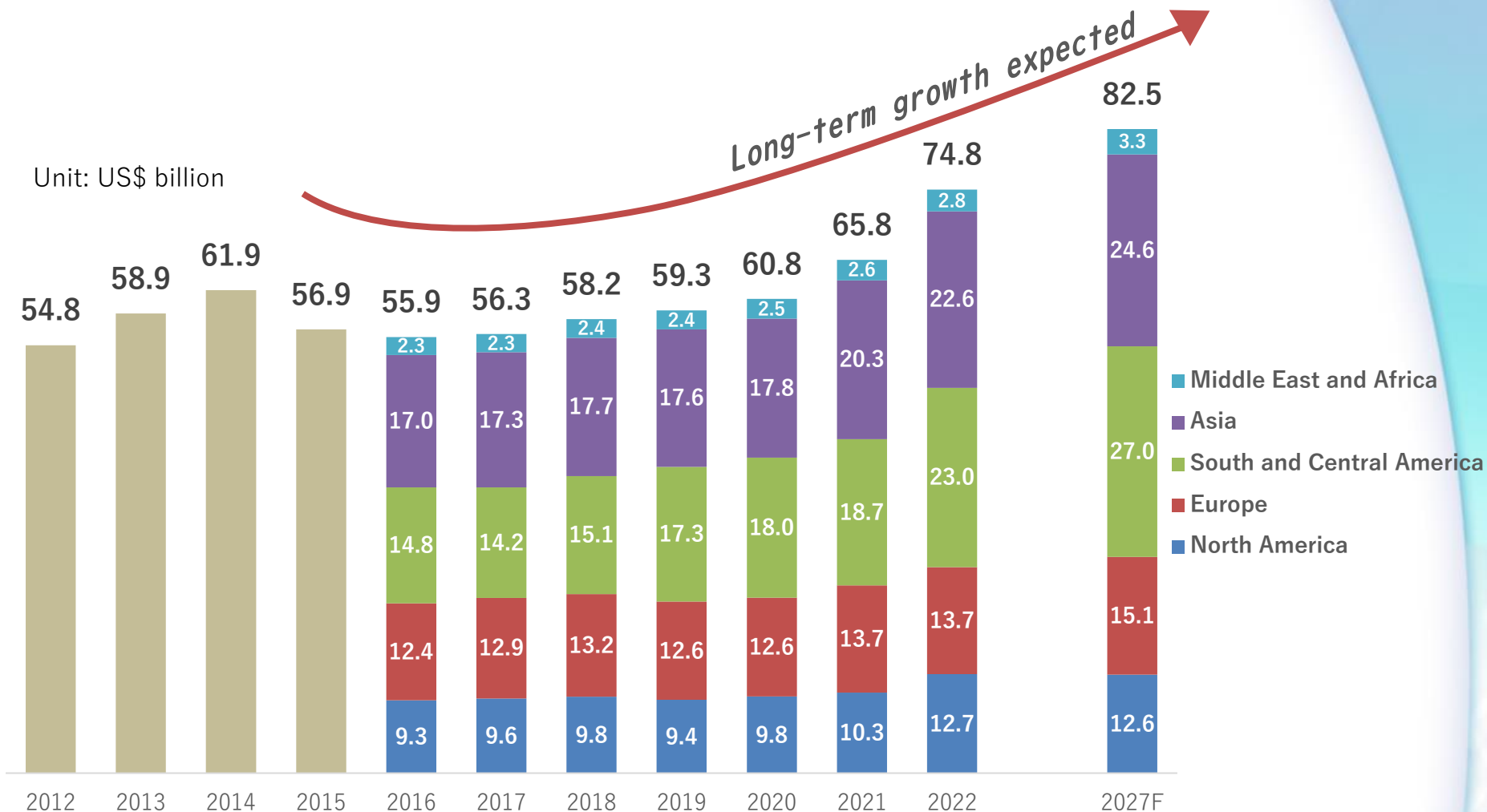
## Grain market conditions

There has been an upward trend since around 2020 due to multiple factors including global population growth and the COVID-19 pandemic.

In conjunction with this, agricultural chemical market has also been expanding and is expected to keep growing.

# Market Trends for Agricultural Chemicals

- ✓ In 2022, highest growth rate in about 20 years due to increase in grain and agricultural chemical prices
- ✓ Domestic market remains flat at around ¥340.0 billion



Source: Agbioinvestor (global market), Japan Crop Protection Association (domestic market)

- I. Business Environment
- II. Financial Results for the Second Quarter of FY2023**
- III. Earnings Forecast for the FY2023
- IV. Implementation Status of Priority Measures
- V. Sustainability Management Initiatives
- VI. Q&A

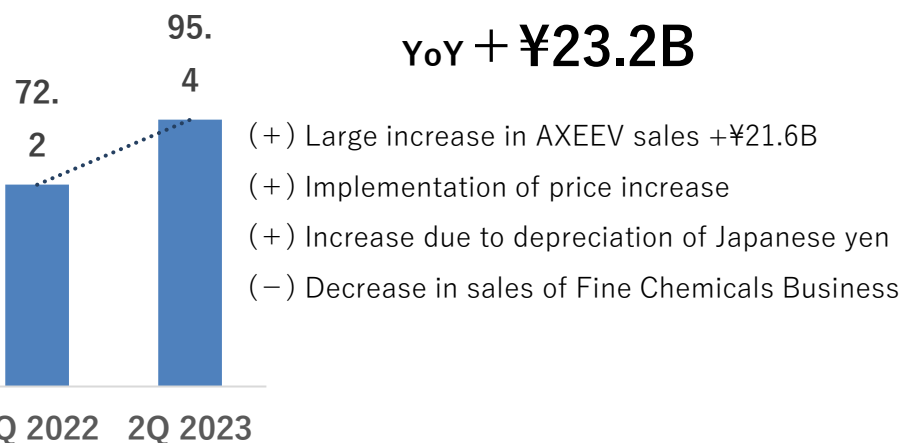
# Financial Results for the Second Quarter of FY2023

Unit: Billions of Yen	2Q 2022 Results	2Q 2023 Results	YoY (Amount)	Rate	2Q 2023 Initial Forecast	vs. Initial Forecast (Amount)	Rate
Net Sales	72.2	95.4	+23.2	+32%	92.4	+3.0	+3%
Gross Profits	17.9	23.3	+5.3	+30%	-	-	-
Operating Income	7.9	12.7	+4.8	+61%	10.1	+2.6	+25%
Ordinary Income	11.4	13.5	+2.1	+18%	12.4	+1.1	+9%
Net income attributable to owners of parent	8.0	10.2	+2.3	+29%	9.0	+1.2	+14%

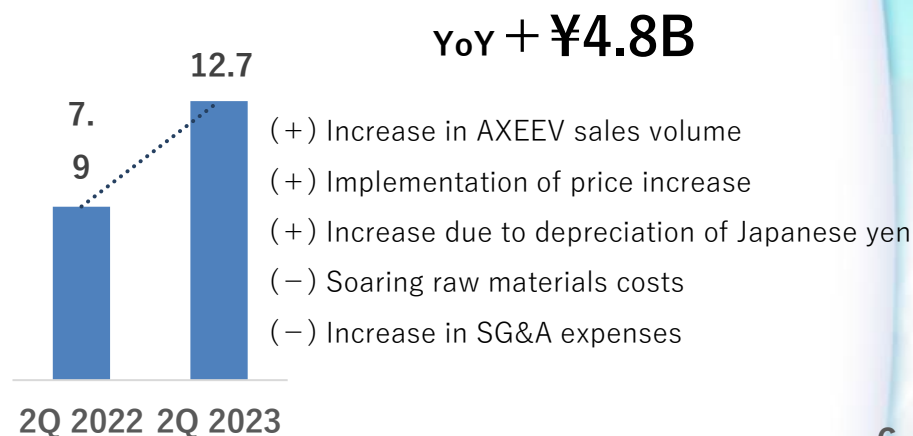
Ref.) Average of exchange rates    ¥/US\$=117    ¥/US\$=135  
 ¥/EUR=130    ¥/EUR=143

¥/US\$=135  
 ¥/EUR=142

## Consolidated Sales

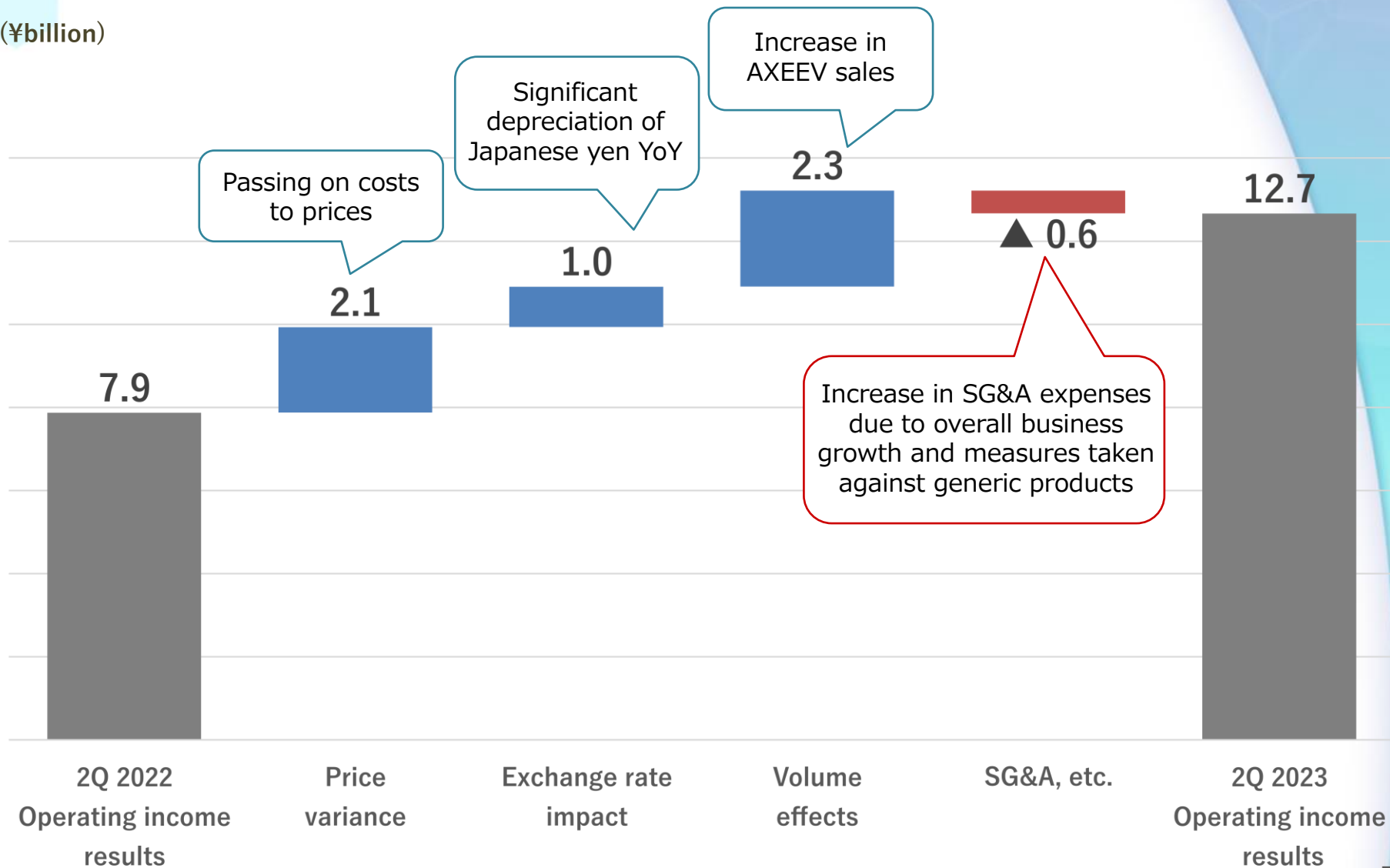


## Consolidated Operating Income



# Factors Contributing to Change in Operating Income

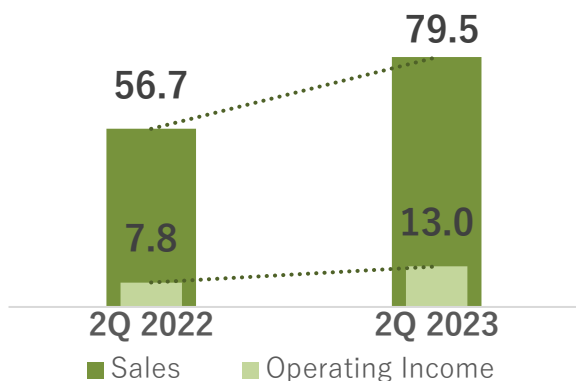
(¥billion)



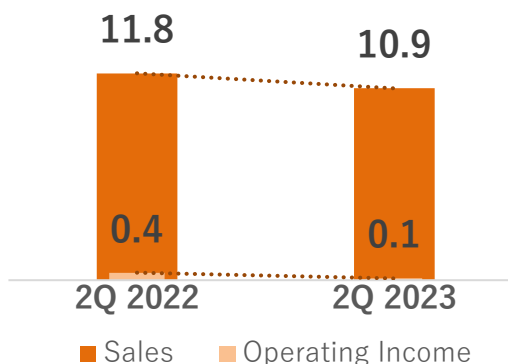
## Financial Results by Business Segment

Unit: Billions of Yen	2Q 2022 Results	2Q 2023 Results	YoY (Amount)	Rate
<b>Net Sales</b>	<b>72.2</b>	<b>95.4</b>	<b>+ 23.2</b>	<b>+ 32%</b>
Agricultural Chemicals and Agriculture-Related	56.7	79.5	+22.8	+ 40%
Fine Chemicals	11.8	10.9	△0.8	△7%
Other	3.8	5.1	+1.3	+ 34%
<b>Operating Income</b>	<b>7.9</b>	<b>12.7</b>	<b>+ 4.8</b>	<b>+ 61%</b>
Agricultural Chemicals and Agriculture-Related	7.8	13.0	+5.1	+ 66%
Fine Chemicals	0.4	0.1	△0.3	△77%
Other	0.4	0.5	+0.1	+ 23%
(Adjustment)	△0.8	△0.9	△0.1	-

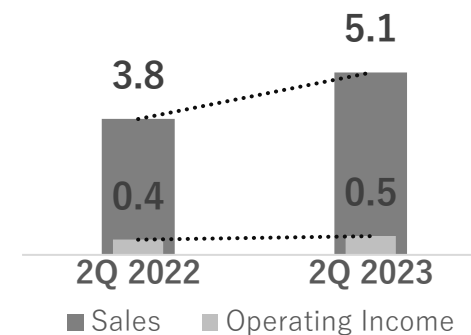
Agricultural Chemicals and Agriculture-Related



Fine Chemicals



Other





## Agricultural Chemicals and Agriculture-Related Businesses

### Domestic

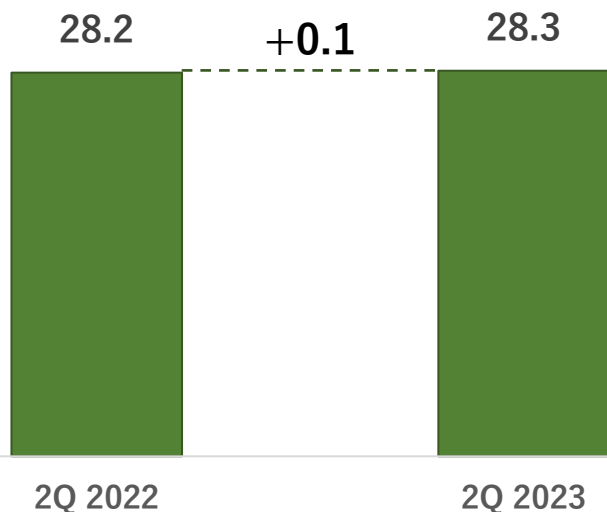
Sales of Effeeda and DISARTA were steady, but sales of some products decreased due to customer inventory adjustments. Overall domestic sales were almost the same level as in the previous year.

### Overseas

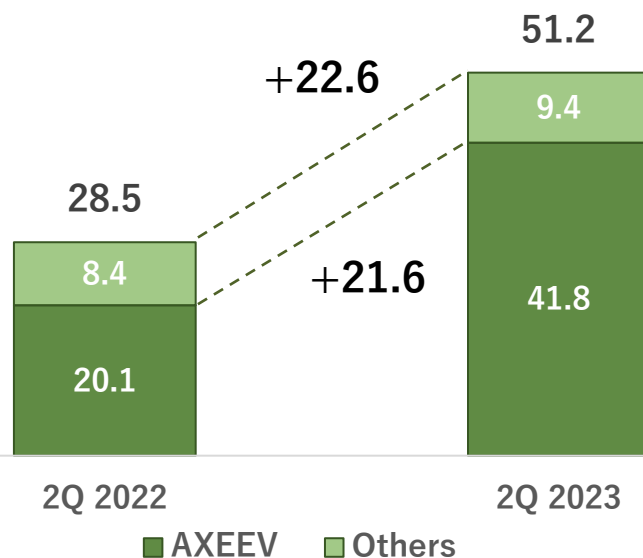
Large increase in shipments of AXEEV to the U.S.  
Price increases and depreciation in the Japanese yen pushed up sales year on year.

(¥ billion)

Sales in Domestic



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

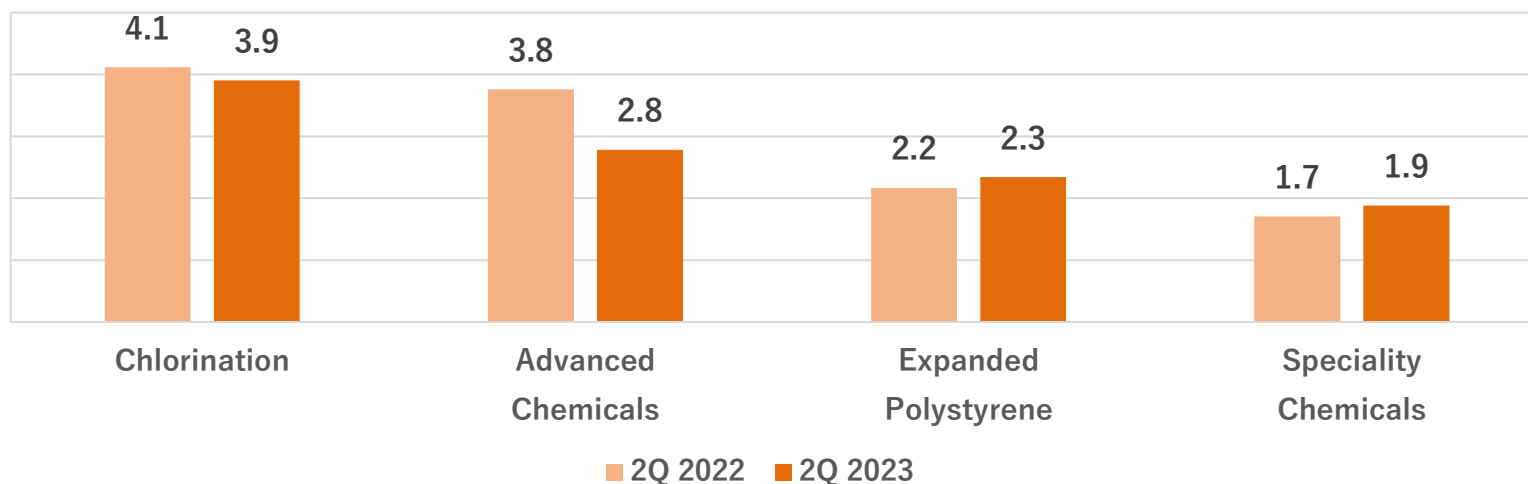
Demand for bismaleimides decreased due to economic slowdown in China and the U.S. Inventory adjustments were made across the semiconductor market with the exception of semiconductors used in some sectors.

### Expanded Polystyrene & Speciality Chemicals

Sales increased slightly year on year.

(¥ billion)

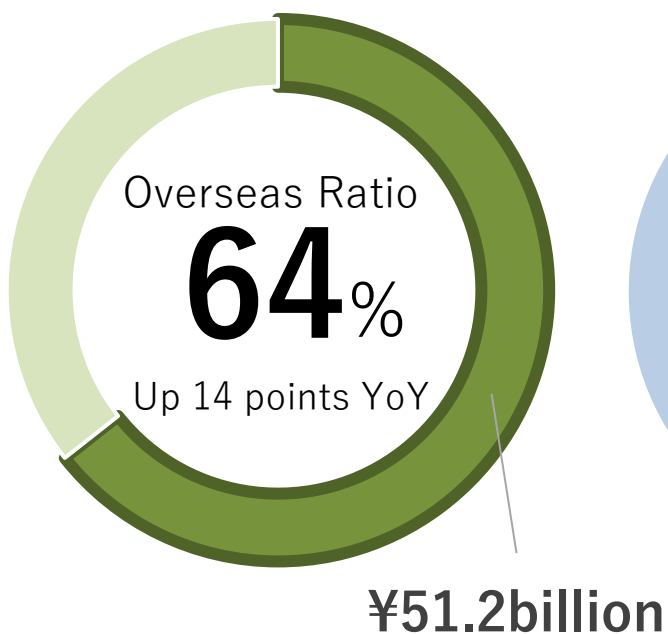
### Changes in Sales



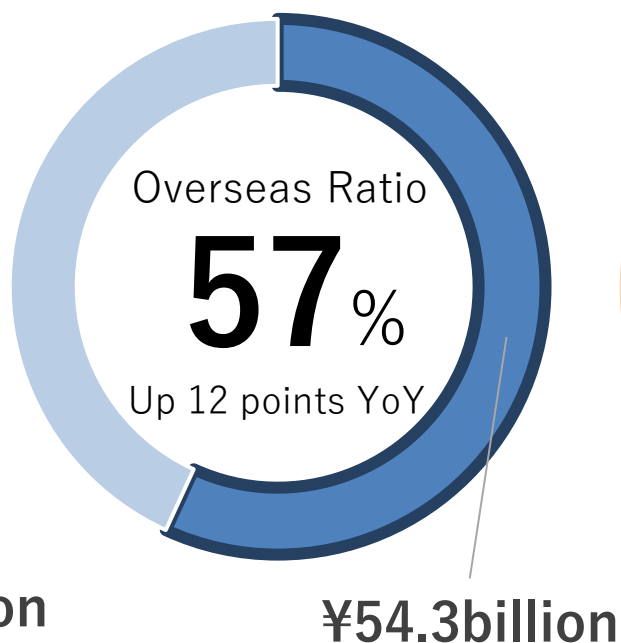
## Overseas Sales and Ratio

# Overseas Sales and Ratio for the Second Quarter of FY2023

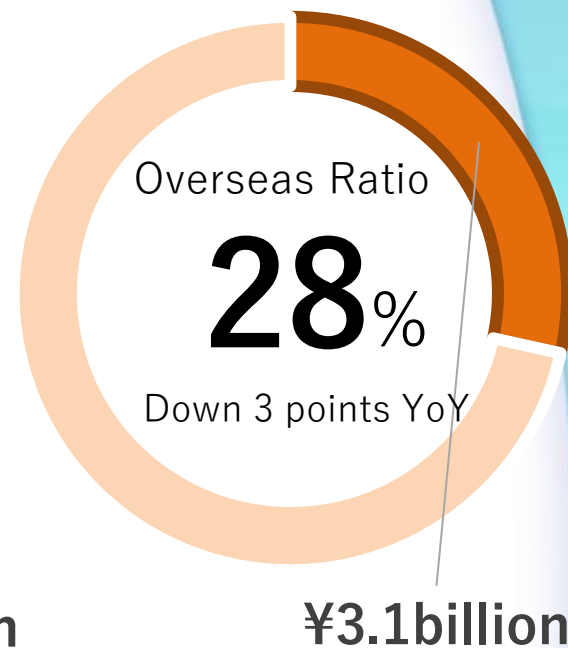
### Agricultural Chemicals and Agriculture-Related



### Overall



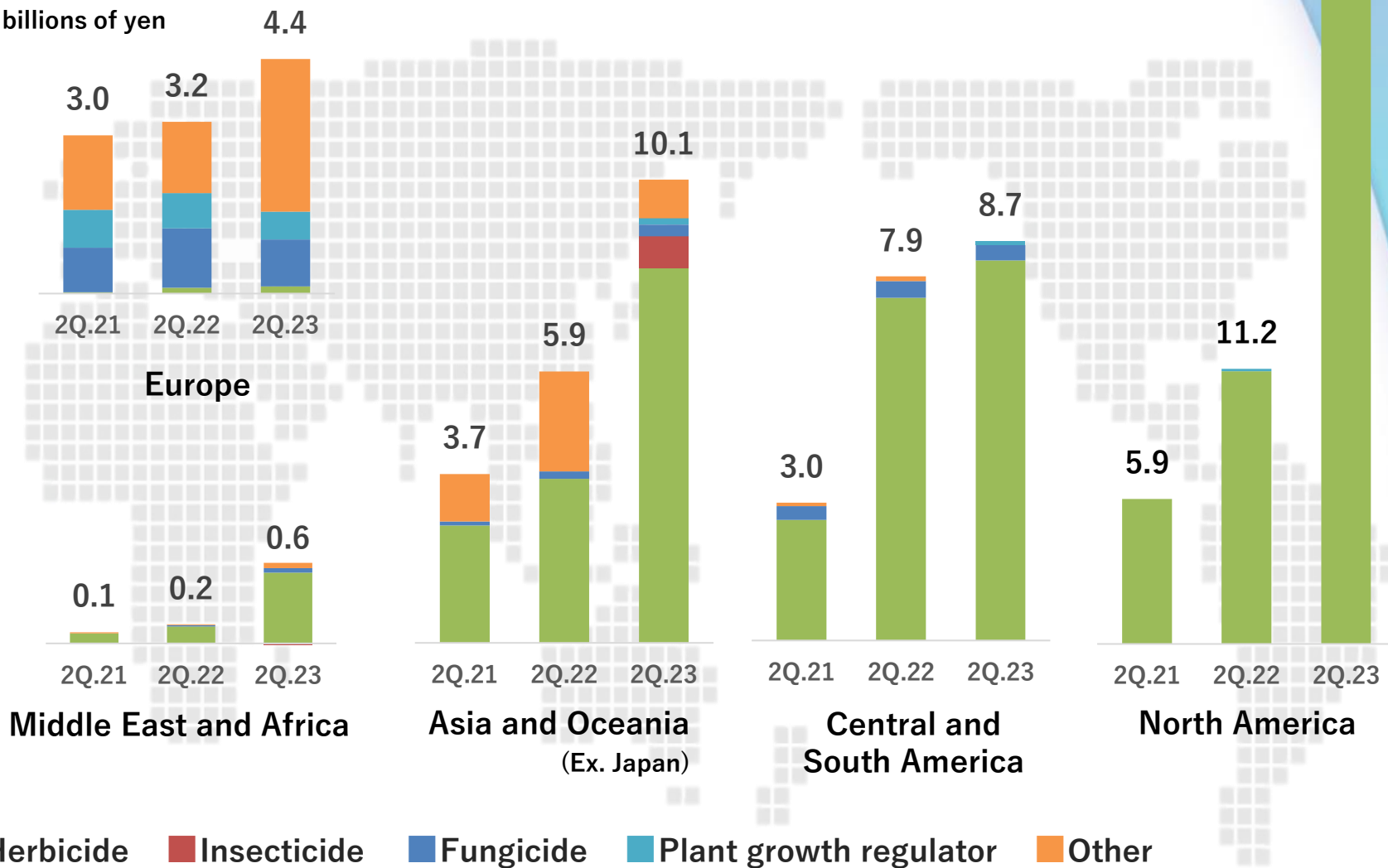
### Fine Chemicals



# Net Sales by Overseas Region and by Application

Sales increased for 2 consecutive years in all regions

Unit: billions of yen



# Summary of the Second Quarter of FY2023

## Overall

Net Sales	¥ <b>95.4</b> billion (YoY + ¥23.2B)	✓ As raw material costs are still on the rise, price increase was implemented.
Operating Income	¥ <b>12.7</b> billion (YoY + ¥4.8B)	✓ Significant depreciation of Japanese yen pushed up sales and profit YoY.
Ordinary Income	¥ <b>13.5</b> billion (YoY + ¥2.1B)	✓ Foreign exchange losses were recorded, but equity-method investment profits increased.

## Agricultural Chemicals and Agriculture-Related

Net Sales	¥ <b>79.5</b> billion (YoY + ¥22.8B)	✓ AXEEV sales increased by ¥21.6B YoY.
Operating Income	¥ <b>13.0</b> billion (YoY + ¥5.1B)	✓ Effeeda and DISARTA performed well.

## Fine Chemicals

Net Sales	¥ <b>10.9</b> billion (YoY△¥0.8B)	✓ 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.
Operating Income	¥ <b>0.1</b> billion (YoY△¥0.3B)	✓ Demand decreased due to inventory adjustments in semiconductor market.

## Other

Net Sales	¥ <b>5.1</b> billion (YoY + ¥1.3B)	✓ Steady sales in printing business and logistics business.
Operating Income	¥ <b>0.5</b> billion (YoY△¥0.1B)	✓ Increase in sales of construction business due to progress in construction work carried forward from the previous fiscal year.

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# Earnings Forecast for the FY2023 (vs. Initial Forecast)

## Earnings Forecast revised on 6<sup>th</sup> June

Unit: Billions of Yen	2023 Initial Forecast (As of 14 Dec)	2023 Revised Forecast (As of 6 Jun)	vs. Initial Forecast (Amount)	Rate
<b>Net Sales</b>	<b>167.9</b>	<b>169.0</b>	<b>+ 1.1</b>	<b>+ 1%</b>
Agricultural Chemicals and Agriculture-Related	134.5	135.9	+ 1.4	+ 1%
Fine Chemicals	24.5	24.0	△0.5	△2%
Other	8.9	9.0	+ 0.1	+ 1%
<b>Operating Income</b>	<b>14.5</b>	<b>17.1</b>	<b>+ 2.6</b>	<b>+ 18%</b>
<b>Ordinary Income</b>	<b>19.3</b>	<b>21.5</b>	<b>+ 2.2</b>	<b>+ 11%</b>
<b>Net income attributable to owners of parent</b>	<b>14.1</b>	<b>16.7</b>	<b>+ 2.6</b>	<b>+ 18%</b>

Ref.) Average of exchange rates

¥/US\$=135

¥/US\$=130

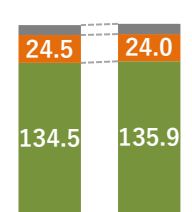
¥/EUR=142

¥/EUR=140

### Sales

vs Initial Forecast + **¥1.1B**

167.9 169.0



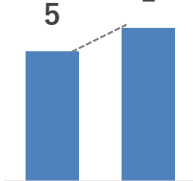
- (+) AXEEV sales increased +¥4.5B
- (-) Sales decrease of agrichemicals for domestic market △¥1.2B
- (-) Sales decrease in contract manufacturing business △¥1.5B
- (-) Decreased demands in Fine Chemicals Business △¥0.5B

■ Agricultural Chemicals ■ Fine Chemicals ■ Other

### Operating Income

vs Initial Forecast + **¥2.6B**

14.5 17.1



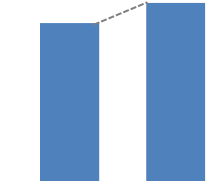
- (+) Large increase in AXEEV sales

Initial Forecast Revised Forecast

### Ordinary Income

vs Initial Forecast + **¥2.2B**

19.3 21.5



- (-) Foreign exchange losses △¥4.8B
- \* Foreign exchange gains or losses are not included in initial forecast
- (+) Equity-method investment profits +¥3.9B

Initial Forecast Revised Forecast

# Earnings Forecast for the FY2023 (YoY)

## Earnings Forecast revised on 6<sup>th</sup> June

Unit: Billions of Yen	2022 Results	2023 Revised Forecast (As of 6 Jun)	YoY (Amount)	Rate
<b>Net Sales</b>	<b>145.3</b>	<b>169.0</b>	<b>+ 23.7</b>	<b>+ 16%</b>
Agricultural Chemicals and Agriculture-Related	112.4	135.9	+ 23.5	+ 21%
Fine Chemicals	25.0	24.0	△1.0	△4%
Other	7.9	9.0	+ 1.1	+ 14%
<b>Operating Income</b>	<b>12.7</b>	<b>17.1</b>	<b>+ 4.4</b>	<b>+ 35%</b>
<b>Ordinary Income</b>	<b>23.6</b>	<b>21.5</b>	<b>△2.1</b>	<b>△9%</b>
<b>Net income attributable to owners of parent</b>	<b>16.3</b>	<b>16.7</b>	<b>+ 0.4</b>	<b>+ 2%</b>

Ref.) Average of exchange rates

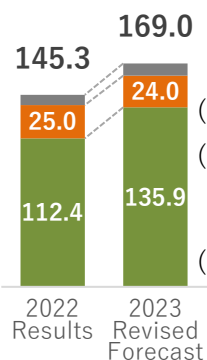
¥/US\$=129

¥/US\$=130

¥/EUR=135

¥/EUR=140

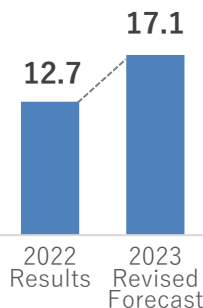
### Sales



YoY + ¥23.7B

- (+) AXEEV sales increase +¥23.0B
- (+) Price increases of agricultural chemicals for domestic market and AXEEV
- (-) Decreased demands in Fine Chemicals Business △¥1.0B

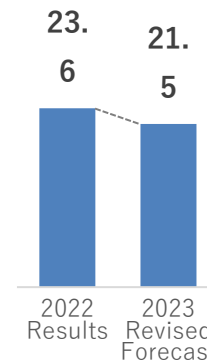
### Operating Income



YoY + ¥4.4B

- (-) Soaring raw materials costs
- (+) Sales volume of AXEEV is increased significantly.
- (+) SG&A ratio is decreased
- Ocean freight is decreased

### Ordinary Income



YoY △ ¥2.1B

- (-) Foreign exchange losses △¥4.8B
- \* ¥8.5B of foreign exchange gains was recorded in FY2022
- (+) Equity-method investment profits +¥6.4B



## Earnings Forecast for the FY2023 (1H · 2H)

Seasonality  
of  
business

As most of our agricultural chemicals for the Japanese market are shipped by April, **our sales are skewed toward the 1H.** However, our SG&A expenses, personnel and other costs are recorded at the same level in each quarter, and experimental and research expenses tend to be paid toward the 2H of our fiscal year. As a result, **our profit is lower in 2H than 1H.**

### 1H

Unit: Billions of Yen	Initial Forecast (as of 14 Dec)	2Q 2023 Results	YoY (Amount)	< Factors contributing to change >
Net Sales	92.4	<b>95.4</b>	+ 3.0	(+) Growth in revenue by +¥3.5 bn. due to increase in sales of AXEEV and price increases
Operating Income	10.1	<b>12.7</b>	+ 2.6	(+) Lower-than-expected costs
Ordinary Income	12.4	<b>13.5</b>	+ 1.1	Exchange rate of ¥/\$135 both in initial forecast and actual 1H
Net income attributable to owners of parent	9.0	<b>10.2</b>	+ 1.2	

### 2H

Unit: Billions of Yen	Initial Forecast (as of 14 Dec)	Revised Forecast (As of 6 Jun)	YoY (Amount)	< Factors contributing to change >
Net Sales	75.5	<b>73.6</b>	△1.9	(+) Growth in revenue by +¥1.0 bn. due to increase in sales of AXEEV (+) Lower-than-expected costs (-) Decrease in revenue by △¥1.5 bn. in contract manufacturing business
Operating Income	4.4	<b>4.4</b>	+ 0.0	(-) Decrease in sales of agricultural chemicals in Japan by △¥1.2 bn. due to customer inventory adjustments
Ordinary Income	6.9	<b>8.0</b>	+ 1.1	(-) Expected appreciation of the Japanese yen (initial forecast: ¥/\$ = 135, revised forecast: ¥/\$ = 130)
Net income attributable to owners of parent	5.1	<b>6.5</b>	+ 1.4	

# Earnings Forecast for the FY2023 ( Agricultural Chemicals and Agriculture-Related Businesses )

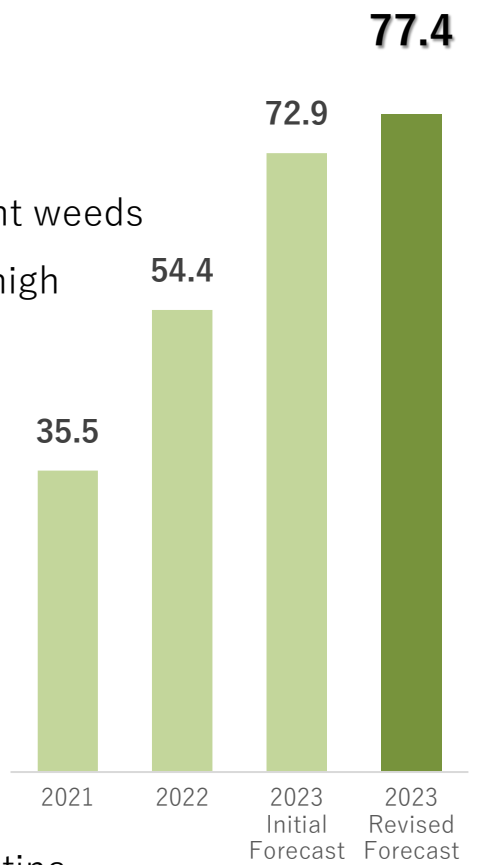
## AXEEV

### Background to strong sales

- Spread of herbicide resistant weeds
- High efficacy of AXEEV has been recognized in various countries and it is becoming an **“essential tool”** to control herbicide resistant weeds
- Increase in purchasing power of farmers as grain market remains high
- Achievement of stable production and supply of AXEEV

### Forecast of future business and market environment

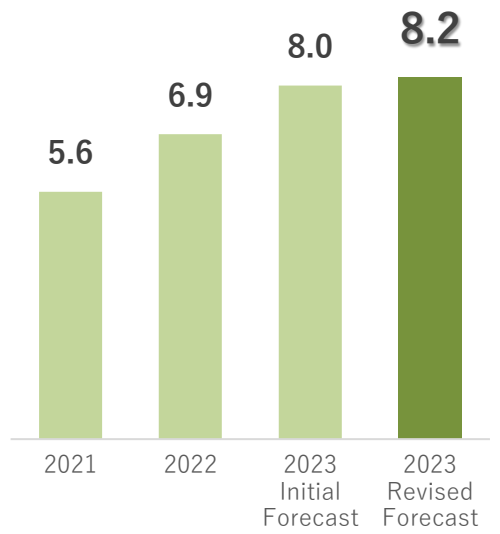
- High demand for AXEEV is expected to continue in the main countries where it is sold
- Market entry of generic products
- Inventory adjustments across the agricultural chemical market in Brazil
- Some import restrictions due to foreign currency shortage in Argentina



# Earnings Forecast for the FY2023 ( Agricultural Chemicals and Agriculture-Related Businesses )

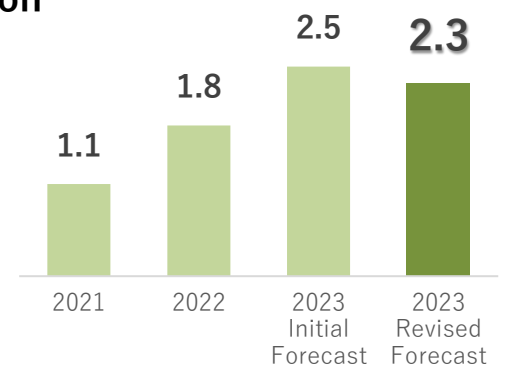
## Effeeda (Herbicide)

- **Strong sales with recognition of high efficacy and safety for rice**
- **Continued development of new mixed formulations**  
 Sale of LAOH and Akatsuki starting this FY in Japan
- **Promoting overseas development**  
 Sales already started in South Korea; application for pesticide registration already made in Europe as a herbicide for wheat and rice



## DISARTA (Fungicide for paddy rice)

- **Steady sales continuing in third year after launch with recognition of stable effectiveness**
- **Continued development of new mixed formulation**  
 Sale of BoonBuz starting this FY in Japan
- **Promoting overseas development**  
 Shipments to South Korea commenced in previous fiscal year



# Earnings Forecast for the FY2023 (Fine Chemicals Business)

## Chlorination

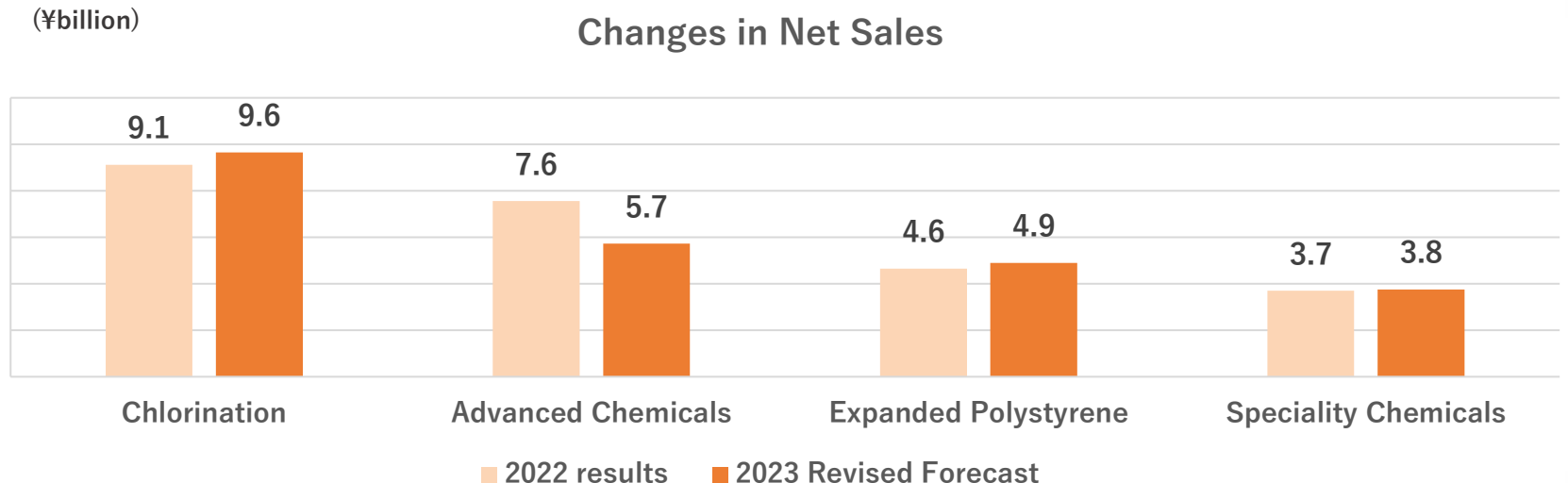
Growth in revenue due to overall price increase and sales increase of chlorotoluene-based chemical products  
 Decrease in demand for some chloroxylene-based chemical products due to economic slowdown in China and the U.S.

## Advanced Chemicals

Decrease in demand for some bismaleimides due to economic slowdown in China and the U.S.  
 Inventory adjustments in the semiconductor market overall with the exception of semiconductors used in some sectors

## Expanded Polystyrene · Speciality Chemicals

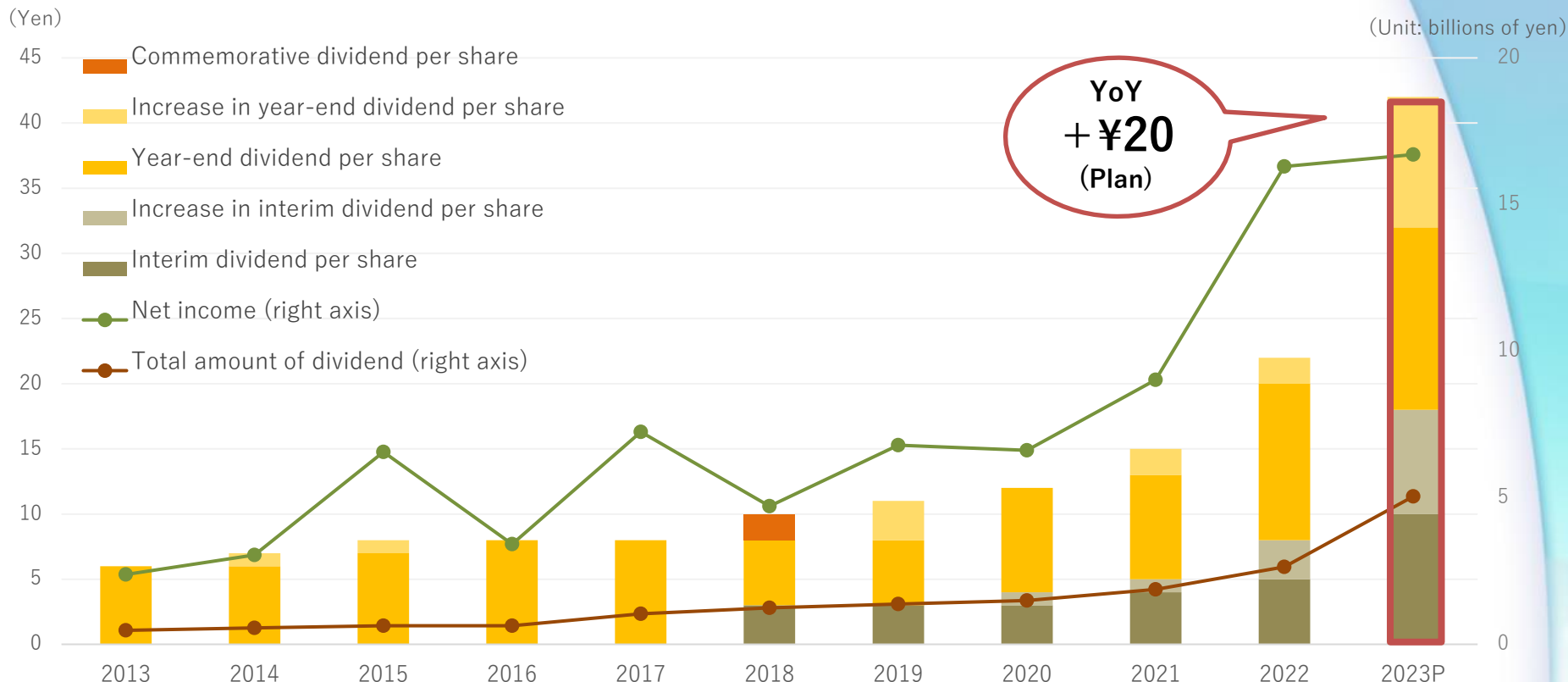
Sale flat year on year





# Measures for Shareholder Return

**Interim dividend ¥18 (Increase ¥10 YoY) + Year-end dividend ¥24 (Increase ¥10)  
= Planned Annual Dividend : ¥42 per share (Increase ¥20)**



We plan to disclose **our basic concept regarding distribution of profits from the perspective of our shareholders, internal reserves and maintaining financial soundness** in the next Mid-Term Business Plan.

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

No changes from the initial forecast

### R&D expenses

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

(Factors) Increase in personnel expenses 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.

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# Overview of Mid-Term Business Plan (2021 – 2023)

## KUMIAI Group's "Ultimate Goals"

We continue to take on the challenge of becoming a flexible corporate group with a strong presence that contributes to the sustainable development of society in harmony with nature, while supporting affluent lifestyles with our unique technologies

### Mid-Term Business Plan (2021 – 2023)

#### Create the Future

#### The Challenge for New Possibilities

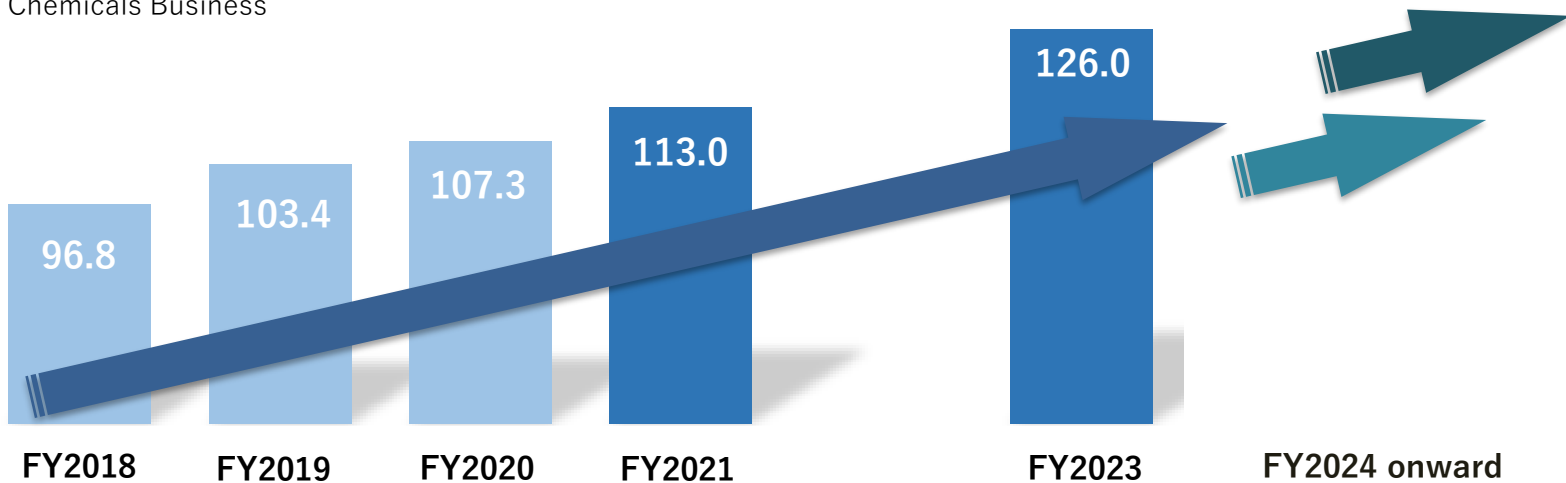
#### Previous Mid-Term Business Plan (2018 – 2020)

#### Create the Future

Expansion of Axeev  
 Research and development aimed at launching new products  
 Selection and concentration in the Fine Chemicals Business





Expansion of business and research domains  
 Launch of newly developed products  
 Entry into high tech industries  
 Establishment of research base

100-year old company  
 Implementation of measures aimed at achieving our "Ultimate Goals"





# Important policies, Priority measures

Important policies	Priority measures
<p>Expanding research and business domains</p> 	<p>Expand research areas through development of innovative technology                      Expand business domains by developing new businesses and introducing new technologies                      Expand existing businesses by pursuing growth strategy</p>
<p>Ensuring diverse sales routes</p> 	<p>Diversify sales routes overseas                      Develop new sales channels through creation of new products and new contract business themes</p>
<p>Ensuring cost competitiveness</p> 	<p>Optimize production systems and procurement measures to reduce manufacturing costs                      Increase productivity and quality and reduce costs by improving production technology and automating production processes</p>
<p>corporate activities that emphasize ESG</p> 	<p>Develop products and build production systems with lower environmental impact                      Actively disseminate corporate information                      Strengthen and promote group compliance systems                      Ensure establishment and operation of internal control systems                      Plan and implement activities to raise awareness among stakeholders about the necessity and safety of agricultural chemicals</p>

Blue: All businesses    Green: Agricultural Chemicals and Agriculture-Related Business    Orange: Fine Chemicals Business

# Implementation Status of Priority Measures ( Expanding research and business domains )

Striving to maximize the AXEEV of our mainstay business



To date: **Greater-than-expected pace of growth**

**Future business risk: market entry of generic products**

- Distribution of generic products confirmed in Australia
- Moves aimed at market entry noted in Argentina
- Market entry forecasted from 2026 onward in the U.S. and 2031 onward in Brazil



**Take maximum countermeasures to address generic products**

01. Enhance AXEEV promotion
02. **Promote development of mixed formulations**
03. Take intellectual property countermeasures

**Our portfolio of recently developed mixed formulations**

- **In U.S.: For soybeans and corn**
  - 2020: Launch of 2 products (Authority®Edge, Perpetuo™)
  - 2023: Launch of 1 product (Maverick™), and scheduled launch of 1 product
  - 2024: Scheduled launch of 1 product
- **In Australia: For wheat and barley**
  - 2022: Launch of 1 product (Mateno® Complete)
- **In Brazil: For soybeans, corn, and sugarcane**
  - 2020: Launch of 2 products
  - 2021: Launch of 1 product
  - 2024: Scheduled launch of 1 product

**Also developing AXEEV mixed formulations for a variety of crops in many countries around the world**

## Implementation Status of Priority Measures ( Expanding research and business domains )

### Development of new active ingredients

#### ■ Flupentiofenox (Insecticide)

Under development as an acaricide with a novel action that is effective even against mites that have developed resistance. Registration applied for in May 2023.

→Registration expected to be obtained faster than usual due to priority review

#### ■ ECOARK (Microbial pesticide)

Under development as the only one agricultural chemical that is effective against the difficult-to-control grapevine crown gall in the world. Registration applied for in December 2022.

### Development of new technologies

#### ■ Development of biostimulants utilizing microorganisms

#### ■ Technology to control methane gas emissions from agricultural land (international patent applied for)

Methanogenesis inhibitor discovered → Under evaluation for commercialization

# Implementation Status of Priority Measures ( Expanding research and business domains ) ( Ensuring cost competitiveness )

## Construction of multi-chemical plant

**Business environment outlook**

### Demand for electronic materials expected to expand further

- Popularization of electric vehicles to promote decarbonized society
- Advent of next-generation communications, including 5G and 6G, and growing digitalization



**Objective**

**Current situation**  
Demand for products used in electronic materials exceeds the our production capacity, and some of this demand is met through outsourced production.



**Promote in-house production by increasing production capacity**  
**Expand business and improve profitability**

**Overview of capital investment**

- Location : K.I Chemical Industry Co., Ltd. (subsidiary in Iwata, Shizuoka Pref.)
- Total investment : Approx. ¥3.0 billion (planned)
- Construction start : May 2023
- Completion : January 2025



## Implementation Status of Priority Measures ( Expanding research and business domains )

New Chemical Research Institute (ShIP) completed in April 2023

### Integrating three research centers in Shizuoka Pref.

New Molecule Research Center  
(Iwata City)

Formulation Technology Research Center  
(Shizuoka City)

Process Chemistry Research Center  
(Fuji City)



**Shimizu Innovation Park / ShIP**  
( Shimizu-ku, Shizuoka City )

Working to further strengthen **research and development capabilities**,  
which are our competitive advantage

- **Streamlining** R&D operations by integrating three centers at one location
- **Promoting innovation** by integrating research facilities in different fields
- **Developing new technologies** to create new businesses



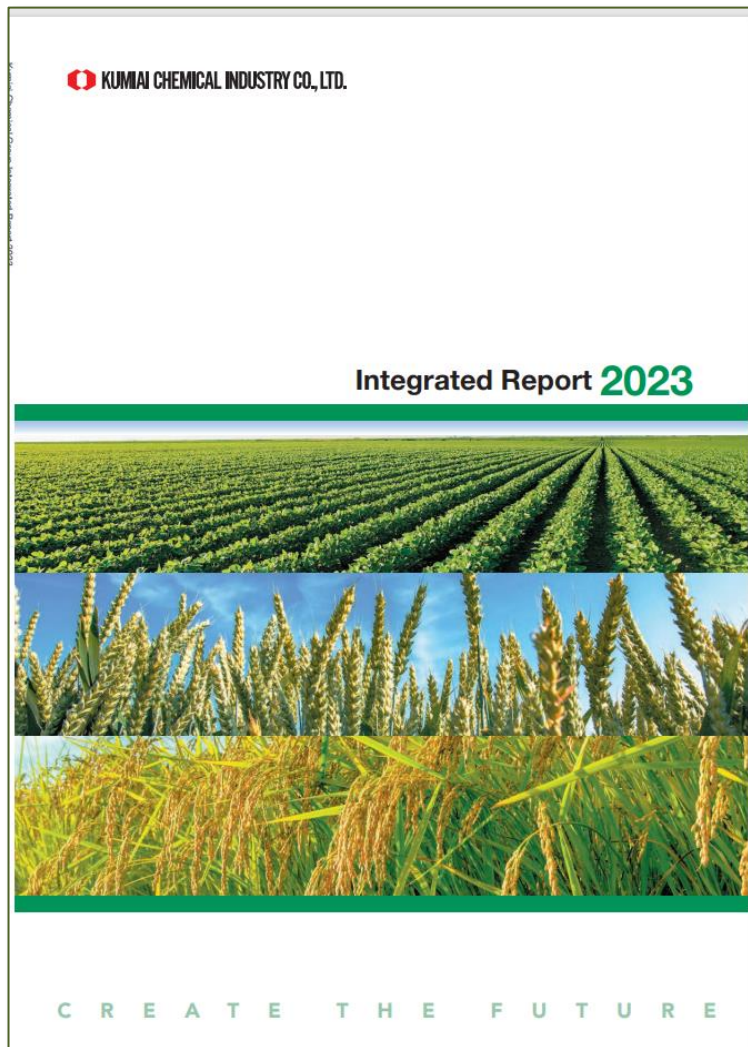
- I . Business Environment
- II . Financial Results for the Second Quarter of FY2023
- III . Earnings Forecast for the FY2023
- IV . Implementation Status of Priority Measures
- V . Sustainability Management Initiatives**
- VI . Q&A



## Publication of Integrated Report

Published the Group's first Integrated Report in April 2023\*

\*English edition scheduled to be published on the corporate website at the end of June 2023



Providing information about our middle to long-term value creation approach and initiatives from financial and non-financial views

### Contents

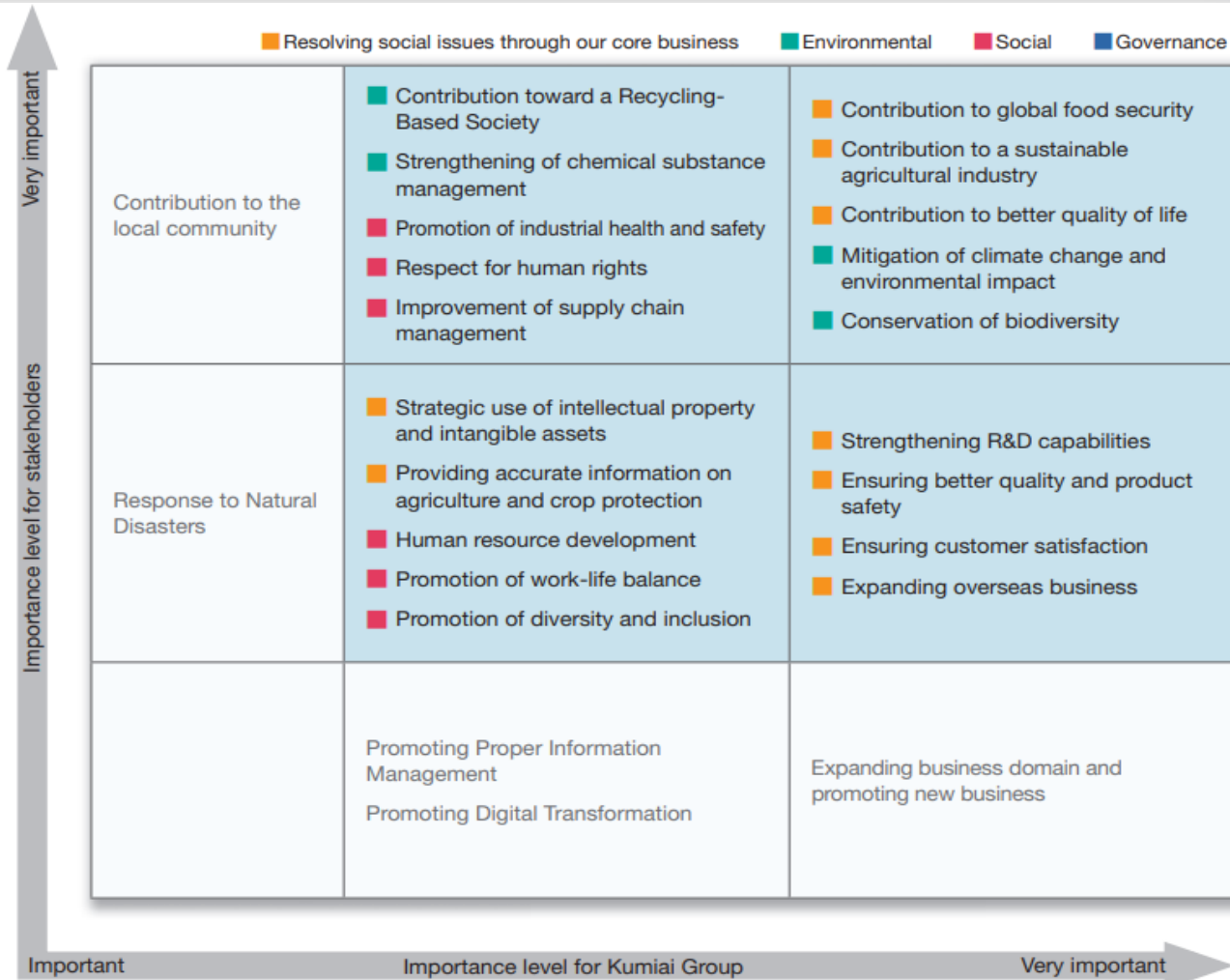
- Message from the President
- Financial Strategy
- Value Creation Process
- AXEEV Feature Article
- Materiality
- Initiatives for Sustainability, etc.

We will strengthen dialogue with our stakeholders by **proactively disseminating information.**



<https://ir.kumiai-chem.co.jp/en/library/csr.html>

# Materiality Initiatives



<b>Corporate Management Foundation</b>	<ul style="list-style-type: none"> <li style="width: 50%;"><span style="color: blue;">■</span> Improvement of corporate governance</li> <li style="width: 50%;"><span style="color: blue;">■</span> Compliance promotion</li> </ul>
	<ul style="list-style-type: none"> <li style="width: 50%;"><span style="color: blue;">■</span> Strengthening risk management</li> <li style="width: 50%;"><span style="color: blue;">■</span> Dialog with stakeholders</li> </ul>



## Materiality Initiatives (Environment)

### Mitigation of climate change and environmental impact



Greenhouse gas emissions from 7 Group companies (Scope 1, 2)

**30% reduction** compared to FY2019 by FY2030



Steady efforts to achieve target

Switching from heavy oil to LP gas



Switching to green electricity



Installing solar panels



# Materiality Initiatives (Society)

## Respect for human rights



Kumiai Group Basic Policy on Human Rights established

Human rights due diligence conducted in sales and production divisions in accordance with basic policy

- No human rights risks are seen in the Group’s downstream supply chain
- Will conduct a questionnaire for major suppliers in the upstream supply chain in the future

## Promoting diversity and inclusion

Promoting support for next-generation development

Percentage of men employees who take childcare leave

FY2022 Results **24.1%**



**Reach 100% by FY2026**

Promoting active participation of women employees

Appointment of women to director positions

## Human resource development

Engaging professional consultants to establish HR strategy in pursuit of human capital-based management

## Materiality Initiatives (Governance)

### Dialogue with stakeholders

Dialogue with  
**institutional investors**

- Financial results briefing (2Q and 4Q)
- Small meetings (1Q and 3Q)
- Once-a-year facility tour (covering research institutes, Group company plants, etc.)
- Around 100 individual investor relations meetings a year

Dialogue with  
**individual investors**

- Engagement via email, etc.
- Publication of information booklets for individual shareholders
- Plan to conduct shareholder questionnaire (July)



We will make proactive efforts to disclose comprehensive and integrated financial and non-financial information while refining our IR activities to communicate the Group's appeal to investors and shareholders.

# Educational Activities on Agriculture and Agricultural Chemicals

**Agricultural chemicals** are essential materials  
for supporting a **sustainable society**

Amid limits on the expansion of agricultural land while the global population continues to rise, agricultural chemicals are indispensable for stable production of the world's food



- ▶ Today's agricultural chemicals involve careful risk management based on scientific verification.
- ▶ We make efforts to promote a proper understanding of the necessity and safety of agricultural chemicals among stakeholders.

Publication of booklets



We have produced booklets for elementary school children on the role of agricultural chemicals throughout the food production process and distributed them to elementary schools and other institutions across Japan. They are also available as digital books on our website.

Providing on-site lessons



We provide on-site lessons conducted by our employees at elementary schools in Shizuoka Prefecture and other areas. We aim to influence various generations by engaging in activities to raise awareness in educational institutions among both children and teachers.

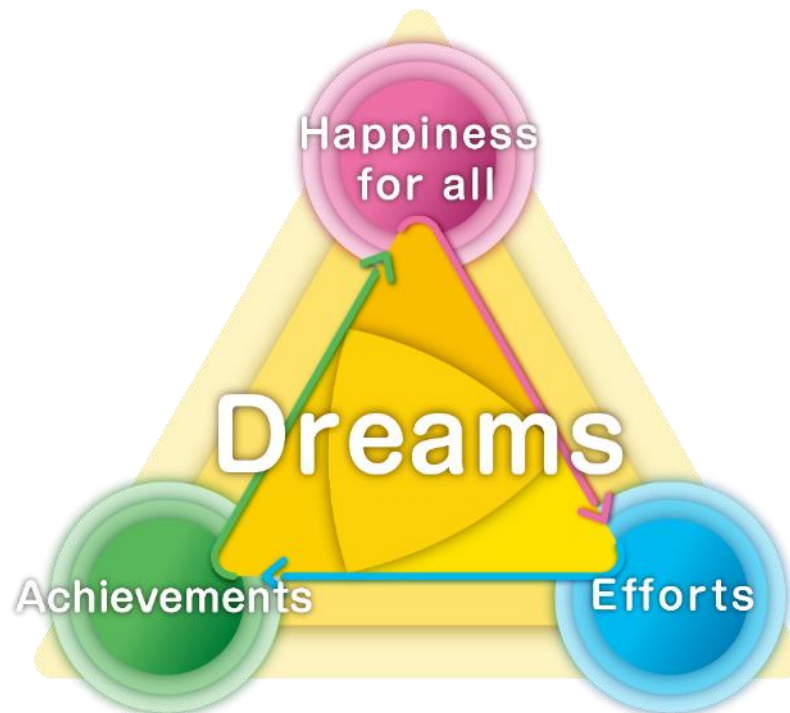
**We will work to increase the social value of agriculture and agricultural chemicals, and to promote understanding of our business, in order to enhance our corporate value. 36**

## Dreams and the Happiness Triangle

Each and every employee will make “efforts” to achieve their “dreams” and feel a sense of accomplishment and fulfillment due to this “achievement,” which will give them “happiness,” so that they can, in turn, aim to further expand this triangle of happiness.

As a company, we aim for the “achievement” of both economic and social value and, beyond that, we pursue the “happiness” of stakeholders.

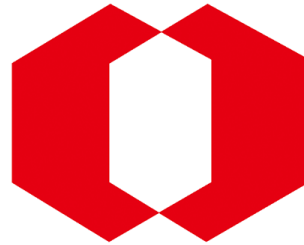
KUMIAI Group’s sustainability management will expand “dreams” and the “happiness triangle” from the individual level to a global scale.



Thank you for your attention.

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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.

Please be aware that neither the Company nor the information provider will be liable for any damages incurred based on this information.

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>

KUMIAI CHEMICAL INDUSTRY CO., LTD.

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

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