

Second Quarter Financial Results for the Fiscal Year Ending October 31, 2023 Supplementary Materials

June 9, 2023

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

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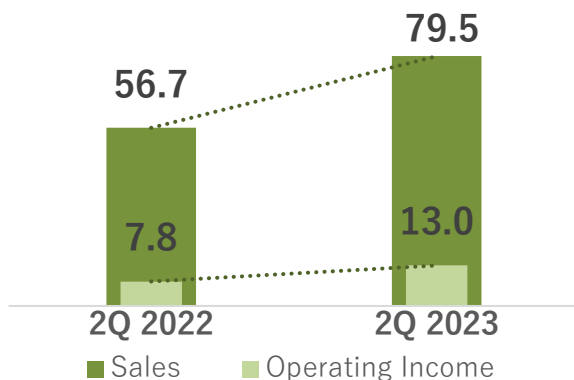
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I. Financial Results for the Second Quarter of FY2023

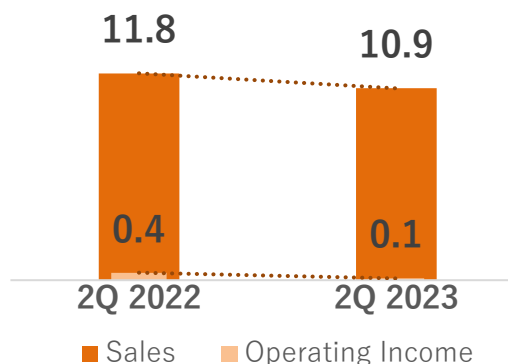
Financial Results by Business Segment

| Unit: Billions of Yen | 2Q 2022 Results | 2Q 2023 Results | YoY (Amount) | Rate |
|--|-----------------|-----------------|---------------|--------------|
| Net Sales | 72.2 | 95.4 | + 23.2 | + 32% |
| 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% |
| Operating Income | 7.9 | 12.7 | + 4.8 | + 61% |
| 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 | - |

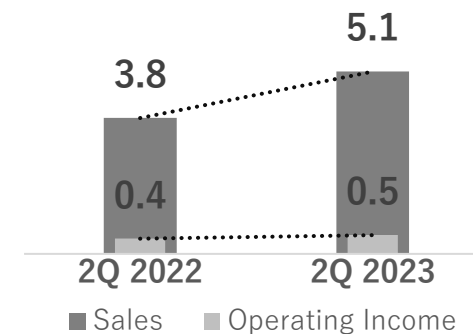
Agricultural Chemicals and Agriculture-Related



Fine Chemicals



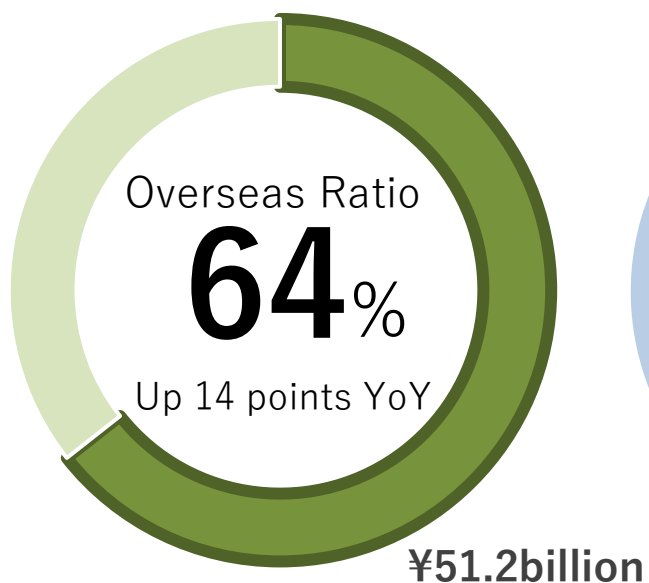
Other



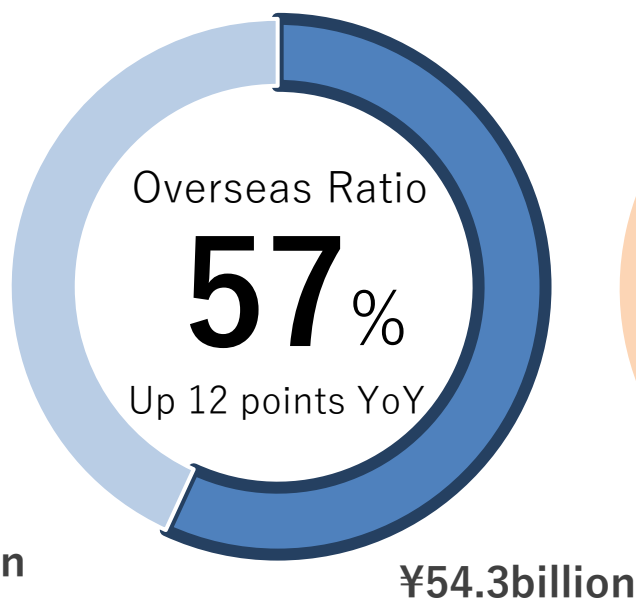
Overseas Sales and Ratio

Overseas Sales and Ratio for the Second Quarter of FY2023

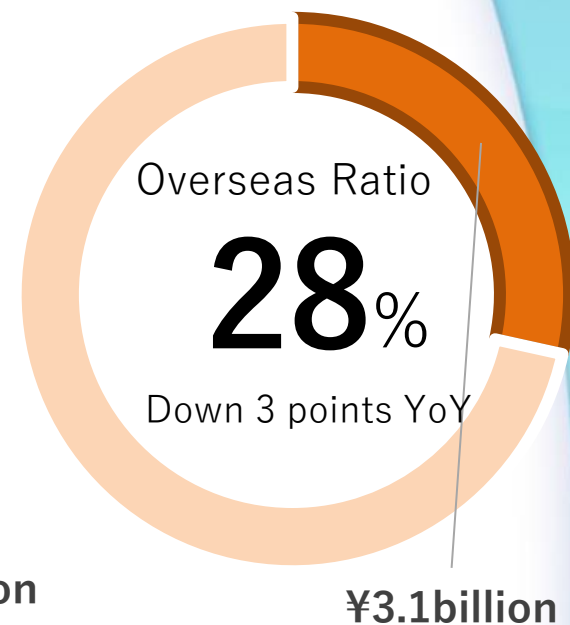
Agricultural Chemicals
and Agriculture-Related



Overall



Fine Chemicals



Summary of the Second Quarter of FY2023

Overall

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

Agricultural Chemicals and Agriculture-Related

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

Fine Chemicals

| | | |
|------------------|-----------------------------------|---|
| Net Sales | ¥ 10.9 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 | ¥ 0.1 billion (YoY△¥0.3B) | ✓ Demand decreased due to inventory adjustments in semiconductor market. |

Other

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

II . Earnings Forecast for the FY2023

Earnings Forecast for the FY2023 (vs Initial Forecast)

Earnings Forecast revised on 6th June

| Unit: Billions of Yen | 2023 Initial Forecast (As of 14 Dec) | 2023 Revised Forecast (As of 6 Jun) | vs. Initial Forecast (Amount) | Rate |
|--|--|---|-------------------------------------|--------------|
| Net Sales | 167.9 | 169.0 | + 1.1 | + 1% |
| 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% |
| Operating Income | 14.5 | 17.1 | + 2.6 | + 18% |
| Ordinary Income | 19.3 | 21.5 | + 2.2 | + 11% |
| Net income attributable to owners of parent | 14.1 | 16.7 | + 2.6 | + 18% |

Ref.) Average of exchange rates

¥/US\$=135

¥/US\$=130

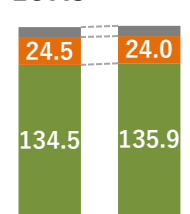
¥/EUR=142

¥/EUR=140

Sales

vs Initial Forecast **+ ¥1.1B**

167.9 169.0



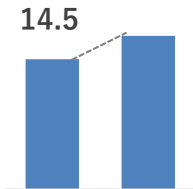
- (+) AXEEV sales increased +¥4.5B
- (-) Sales decrease of agrichemicals for domestic market △¥1.2B
- (-) Sales decrease in contract manufacturing business △¥1.5B
- (-) Decreased demands in Fine Chemicals Business △¥0.5B

■ Agricultural Chemicals ■ Fine Chemicals ■ Other

Operating Income

vs Initial Forecast **+ ¥2.6B**

14.5 17.1



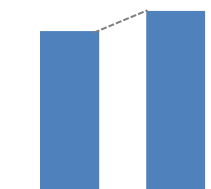
Initial Forecast Revised Forecast

- (+) Large increase in AXEEV sales

Ordinary Income

vs Initial Forecast **+ ¥2.2B**

19.3 21.5



Initial Forecast Revised Forecast

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

Earnings Forecast for the FY2023 (YoY)

Earnings Forecast revised on 6th June

| Unit: Billions of Yen | 2022 Results | 2023 Revised Forecast (As of 6 Jun) | YoY (Amount) | Rate |
|--|--------------|--|---------------|--------------|
| Net Sales | 145.3 | 169.0 | + 23.7 | + 16% |
| 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% |
| Operating Income | 12.7 | 17.1 | + 4.4 | + 35% |
| Ordinary Income | 23.6 | 21.5 | △2.1 | △9% |
| Net income attributable to owners of parent | 16.3 | 16.7 | + 0.4 | + 2% |

Ref.) Average of exchange rates

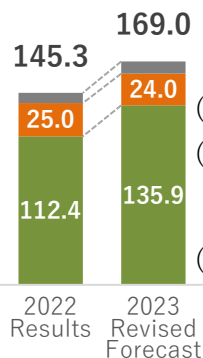
¥/US\$=129

¥/US\$=130

¥/EUR=135

¥/EUR=140

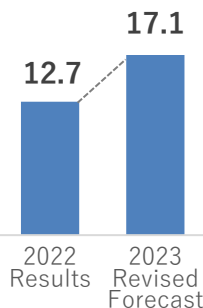
Sales



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

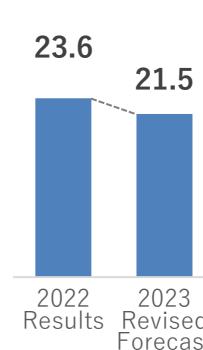
Operating Income



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

III. R&D expenses, Capital investment, Depreciation and amortization

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

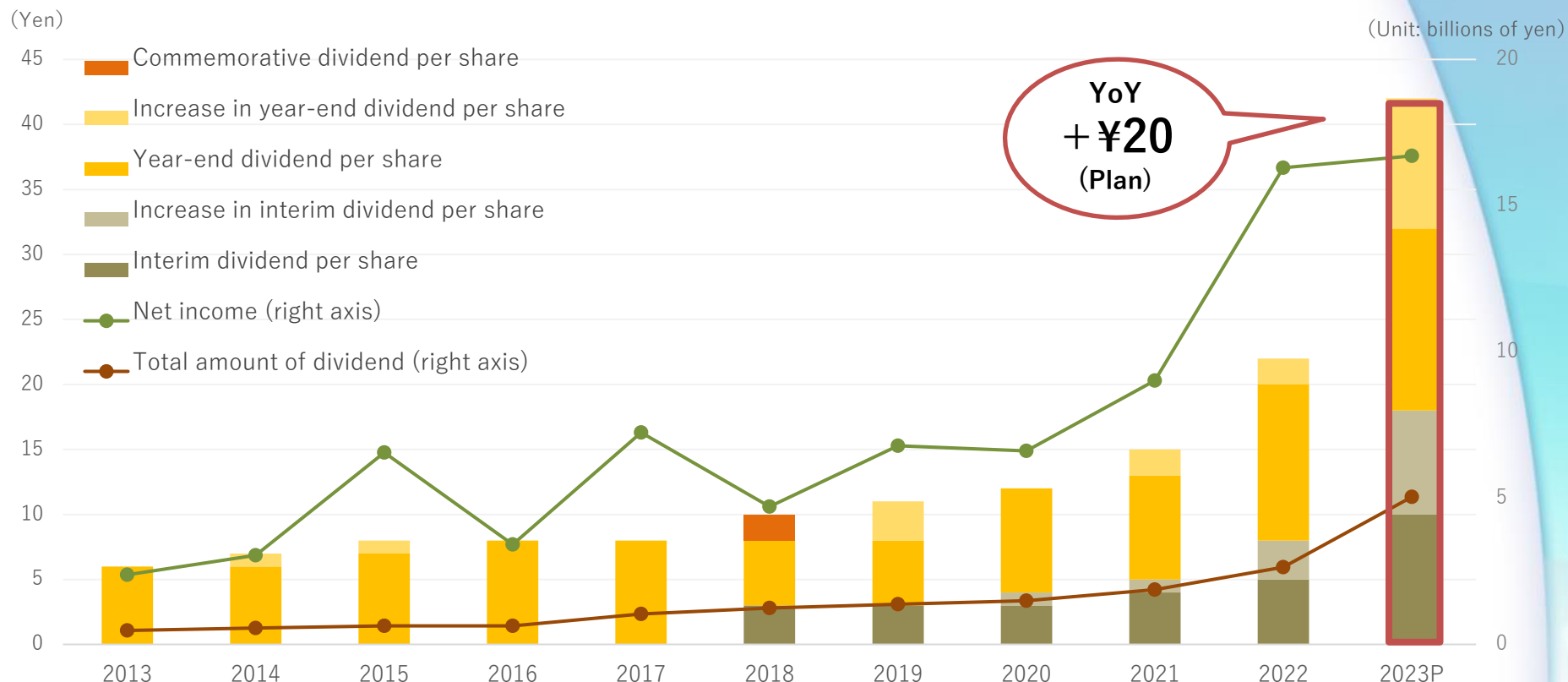
FY2022 Results ¥ **4.2** billion → FY2023 Forecast ¥ **4.7** billion

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

IV. Measures for Shareholder Returns

Measures for Shareholder Returns

**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.

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 & Coordination Division

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