

# **Third Quarter Financial Results for the Fiscal Year Ending October 31, 2023 Supplementary Materials**

September 8, 2023

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

# - Contents -

I. Financial Results for the Third Quarter of FY2023	.....	3
II. Earnings Forecast for the FY2023	.....	8
III. R&D expenses, Capital investment, Depreciation and amortization	.....	11
IV. Measures for Shareholder Returns	.....	13

# I. Financial Results for the Third Quarter of FY2023

# Financial Results for the Third Quarter of FY2023

Unit: Billions of Yen	3Q 2022 Results	3Q 2023 Results	YoY (Amount)	Rate
Net Sales	106.3	130.4	+ 24.1	+ 23%
Gross Profits	25.7	30.2	+ 4.5	+ 18%
Operating Income	10.3	14.1	+ 3.8	+ 36%
Ordinary Income	16.2	18.7	+ 2.6	+ 16%
Net income attributable to owners of parent	11.1	14.5	+ 3.4	+ 31%

Ref.) Average of exchange rates

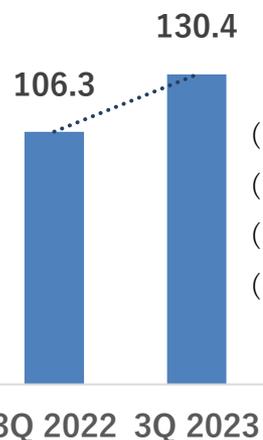
¥/US\$=125

¥/US\$=137

¥/EUR=133

¥/EUR=147

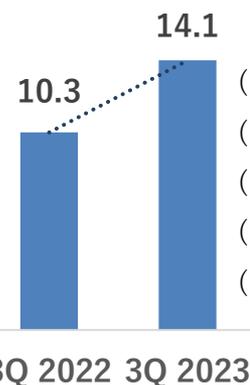
## Consolidated Sales



YoY + **¥24.1B**

- (+) Large increase in AXEEV sales +¥26.2B
- (+) Implementation of price increase
- (+) Increase due to depreciation of Japanese yen
- (-) Decrease in sales of Fine Chemicals Business

## Consolidated Operating Income



YoY + **¥3.8B**

- (+) Increase in AXEEV sales volume
- (+) Implementation of price increase
- (+) Increase due to depreciation of Japanese yen
- (-) Soaring raw materials costs
- (-) Increase in SG&A expenses

# Financial Results by Business Segment

Unit: Billions of Yen	3Q 2022 Results	3Q 2023 Results	YoY (Amount)	Rate
<b>Net Sales</b>	<b>106.3</b>	<b>130.4</b>	<b>+ 24.1</b>	<b>+ 23%</b>
Agricultural Chemicals and Agriculture-Related	82.1	106.8	+ 24.6	+ 30%
Fine Chemicals	18.5	16.6	△1.9	△10%
Other	5.7	7.0	+ 1.4	+ 24%
<b>Operating Income</b>	<b>10.3</b>	<b>14.1</b>	<b>+ 3.8</b>	<b>+ 36%</b>
Agricultural Chemicals and Agriculture-Related	10.4	14.5	+ 4.2	+ 40%
Fine Chemicals	0.7	0.3	△0.4	△54%
Other	0.5	0.6	+ 0.1	+ 18%
(Adjustment)	△1.2	△1.3	△0.1	-

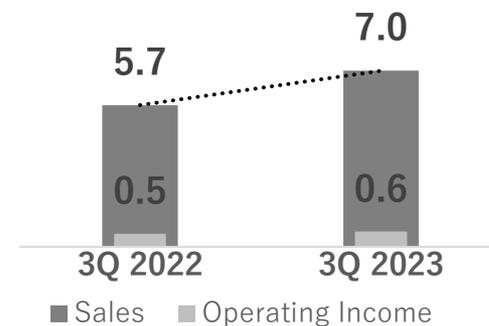
Agricultural Chemicals and Agriculture-Related



Fine Chemicals



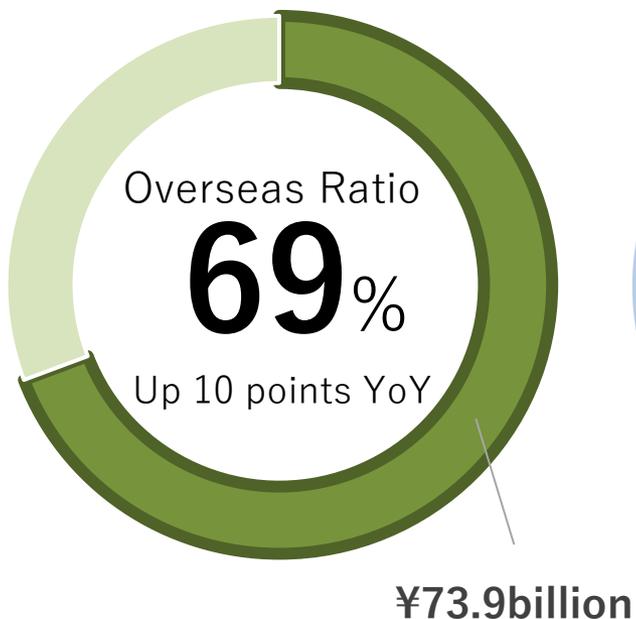
Other



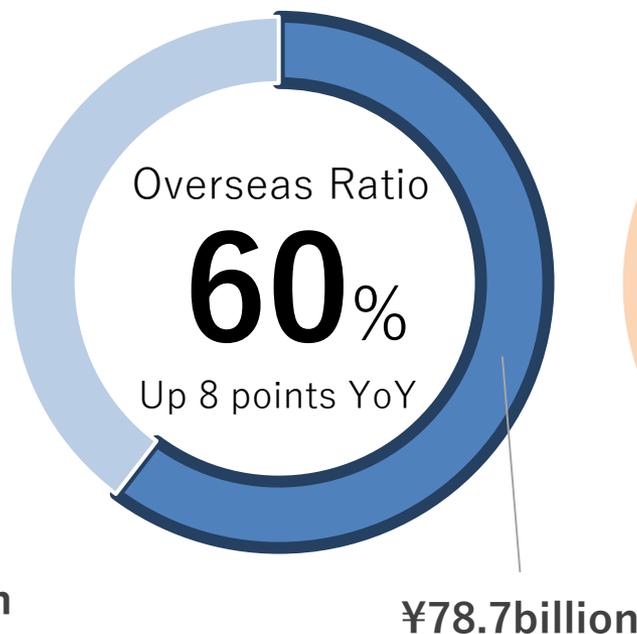
# Overseas Sales and Ratio

## Overseas Sales and Ratio for the Third Quarter of FY2023

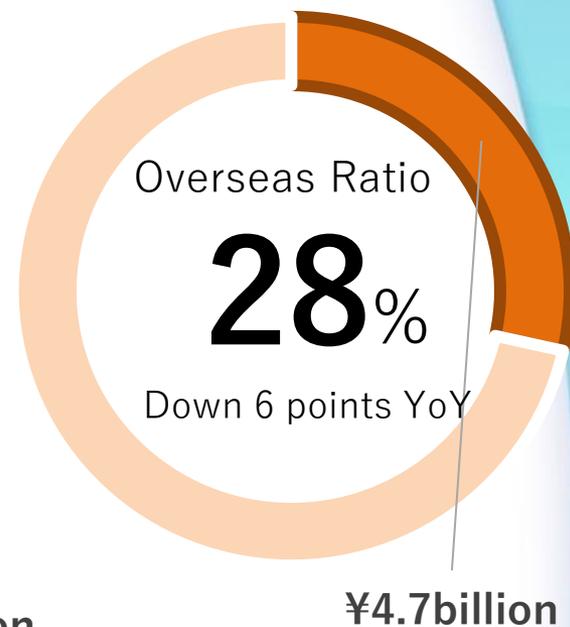
Agricultural Chemicals  
and Agriculture-Related



Overall



Fine Chemicals



# Summary of the Third Quarter of FY2023

## Overall

Net Sales	¥ <b>130.4</b> billion (YoY+¥24.1B)	✓ As raw material costs are still high, price increase was implemented.
Operating Income	¥ <b>14.1</b> billion (YoY +¥3.8B)	✓ Significant depreciation of Japanese yen pushed up sales and profit YoY.
Ordinary Income	¥ <b>18.7</b> billion (YoY +¥2.6B)	✓ Foreign exchange losses were recorded, but equity-method investment profits increased.

## Agricultural Chemicals and Agriculture-Related

Net Sales	¥ <b>106.8</b> billion (YoY+¥24.6B)	✓ AXEEV sales for North America increased by ¥26.2B YoY.
Operating Income	¥ <b>14.5</b> billion (YoY +¥4.2B)	✓ While Effeeda and DISARTA performed well, domestic sales of agricultural chemicals were almost the same level as in the previous year due to inventory adjustments by customers.

## Fine Chemicals

Net Sales	¥ <b>16.6</b> billion (YoY△¥1.9B)	✓ 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>0.3</b> billion (YoY△¥0.4B)	✓ Demand decreased due to inventory adjustments in semiconductor market.

## Other

Net Sales	¥ <b>7.0</b> billion (YoY+¥1.4B)	✓ Steady sales in logistics business.
Operating Income	¥ <b>0.6</b> 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 (YoY)

No change from the revised forecast as of 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

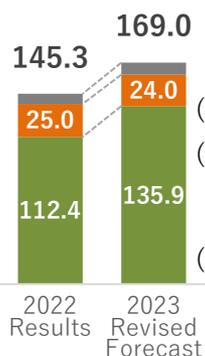
¥/US\$=129

¥/US\$=130

¥/EUR=135

¥/EUR=140

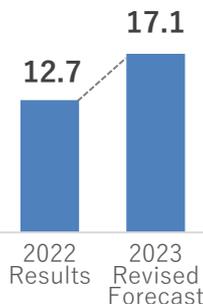
## Sales



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

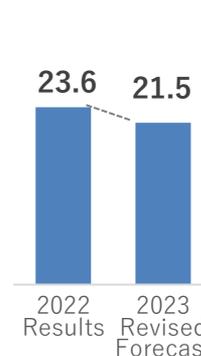
## Operating Income



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)

**No change from the revised forecast as of 6<sup>th</sup> June**

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 in 2H is lower than that in 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/US\$ 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 inventory adjustments by customers
Ordinary Income	6.9	<b>8.0</b>	+ 1.1	(-) Expected appreciation of the Japanese yen (initial forecast: ¥135/US\$, revised forecast: ¥130/US\$)
Net income attributable to owners of parent	5.1	<b>6.5</b>	+ 1.4	

# **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.

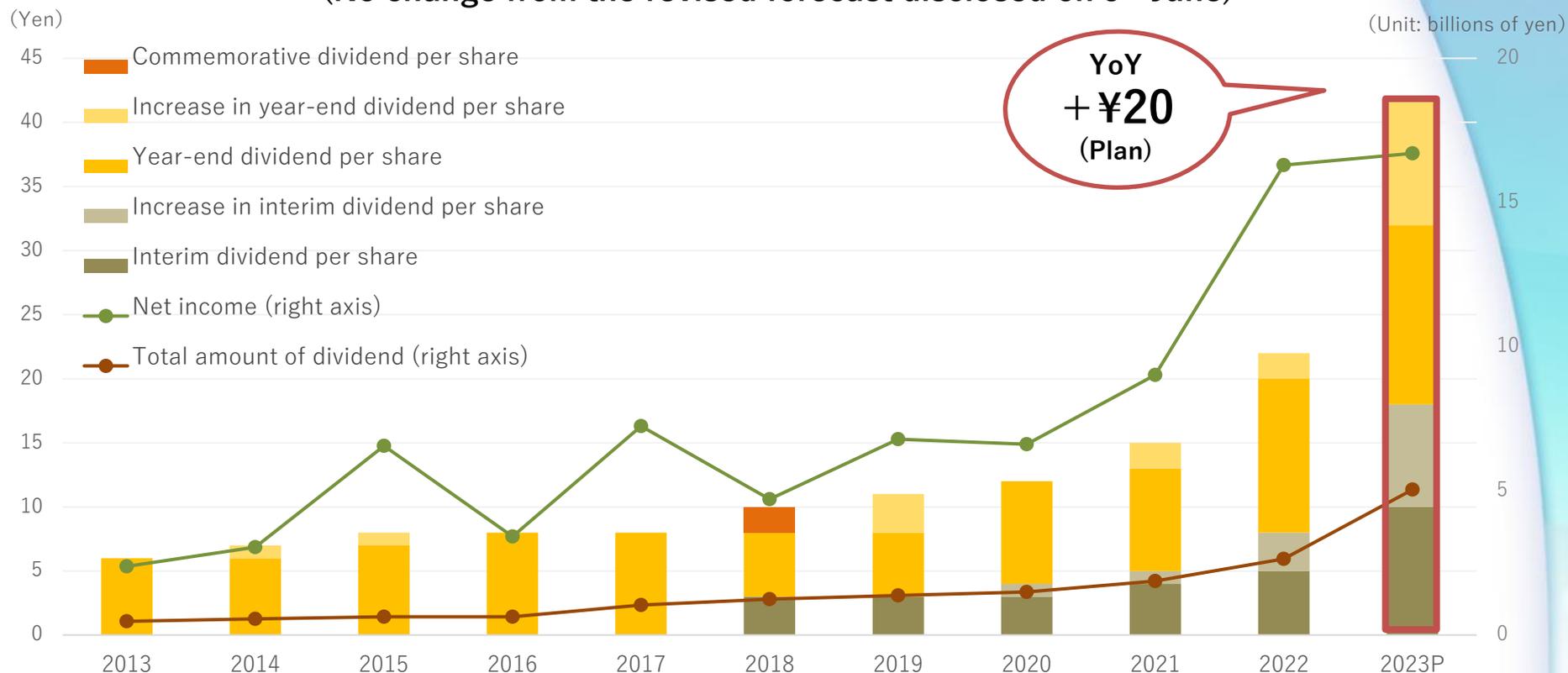
---

## 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)

(No change from the revised forecast disclosed on 9<sup>th</sup> June)



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.

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/>