

New Medium-Term Business Plan (FY2024-2026)

KUMI STORY 2026

December 14, 2023

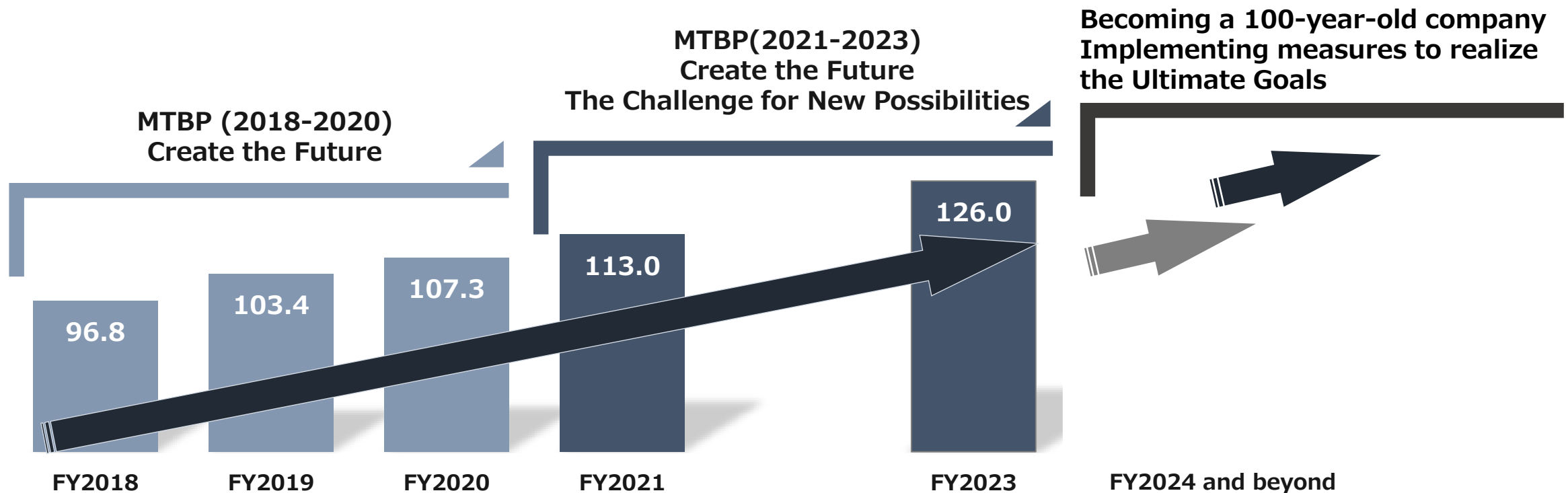
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Review of Previous Medium-Term Business Plan (FY2021-2023)

Established the Ultimate Goals of the Kumiai Chemical Industry Group to address the market environment forecast for the next 20 to 30 years

A corporate group with flexibility and strong presence that enriches the lives of people through its unique technologies, and that contributes to sustainable development of society in harmony with nature



Review of Previous Medium-Term Business Plan (FY2021-2023)

Positioning

- The 3-year period was positioned as a time for sowing the seeds to expand business domains based on the Company's Ultimate Goals.

Numerical targets

- Achieved the main numerical targets for the final year of the MTBP (¥126.0 billion in net sales and ¥9.8 billion in operating income) in the second year of the plan
- Achieved ROE of 7.3% by steady efforts to secure profits and implement capital policy
- Sales of AXEEV (a herbicide for field crops) exceeded expectations. Also profit pushed up by depreciation of Japanese yen

Capital policy

- In terms of capital investment, implemented large-scale growth investment to strengthen R&D capabilities and reduce production costs
- Added companies in Japan and overseas as subsidiaries through M&A transactions in order to expand research and business domains
- Paid stable dividends in accordance with basic policy on shareholder returns, and increased dividend significantly in the final fiscal year of the MTBP to boost shareholder returns

	2021 Results	2022 Results	2023 Results		MTBP 2023 Targets	
Net Sales	¥118.2 billion	¥145.3 billion	¥161.0 billion	Record high	¥126.0 billion	Achieved
Operating Income	¥8.5 billion	¥12.7 billion	¥14.1 billion	Record high	¥9.8 billion	Achieved
Net Income	¥9.0 billion	¥16.3 billion	¥18.0 billion	Record high	-	
Capital investment	¥5.9 billion	¥9.6 billion	¥8.7 billion		¥31.3 billion*	
R&D expenses	¥4.9 billion	¥5.1 billion	¥6.2 billion (preliminary)		¥17.5 billion*	
ROE	8.9%	14.9%	14.5%		7.3%	Achieved
ROS (Operating Margin)	7.2%	8.7%	8.8%		-	

Review of Previous Medium-Term Business Plan (FY2021-2023)

Key Policies	Specific Measures	Results	Challenges under the New MTBP
Expand research and business domains	Establish research bases	Constructed and commenced operation of new Chemical Research Institute "Shimizu Innovation Park" (ShIP), and safety evaluation research building for Life Science Research Institute Refurbished facilities at K-I USA/MRS(Mississippi Research Station)	Construction of research building for Life Science Research Institute
	Gain new technologies through M&A	Added Agricore Corporation and GRA INC. as subsidiaries	Exploration of synergies
	Develop innovative technologies	Established New Materials Development Laboratory at Process Chemistry Research Center	Cultivation of new research fields using the Group's technologies
Ensure diversity in sales routes	Expand sales routes through M&A action	Added Asiatic Agricultural Industries Pte. Ltd. (AAI) in Singapore as a subsidiary	Sales expansion and R&D acceleration through collaboration with AAI
	Support smart agriculture	Established optimum spraying method for Mametsubu formulation using drones, and widely provided information on the method	Development and promotion of smart agriculture-related technologies
Ensuring cost competitiveness	Optimized production and procurement systems Efficient production using innovated production technology	Reduced production costs by establishing new manufacturing methods Curbed cost increases through negotiations with suppliers Constructed new water dispersible granule plant at the Tatsuno Factory	
Corporate activities focused on ESG	Strengthen foundations for sustainability management	Issued Basic Policy on Sustainability Set up Sustainability Promotion Committee	
	Identify materiality and establish key performance indicators (KPIs)	Comprehensively reviewed materiality and set KPIs with aim of realizing the Ultimate Goals for 20 to 30 years into the future	Steady efforts to fulfill KPIs
	Publish Integrated Report	Published the first Kumiai Chemical Group Integrated Report 2023	Further disclosure of information and solution on ESG issues having importance in management strategy

Review of Previous MTBP / Further Strengthen R&D Capabilities

Implemented growth investment for strengthening R&D capabilities, the Company's biggest strength

■ Completed new Chemical Research Institute "Shimizu Innovation Park" (ShIP)

- Established research institute with the most advanced facilities by integrating three chemical research centers scattered in three separate locations in Shizuoka Pref.
- To further enhance research and development capabilities

↳ To streamline R&D operations through centralization of research centers

↳ To encourage innovation through integration of research centers in different fields

↳ To facilitate development of new technologies for the creation of new businesses

Began operations in October 2023

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



■ Life Science Research Institute Completed safety evaluation research building

- Relocated Safety Evaluation Research Laboratory and constructed a research building in order to meet safety standard trends, becoming more and more severe each year internationally
- Improved R&D environment by enhancing safety-related equipments and facilities

Completion: April 2021



■ K-I USA Refurbished facilities at the Mississippi Research Station

- Renovated research facilities at the Mississippi Research Station, an important site for research and development of new agricultural chemicals
- Improved R&D environment for safe and efficient research activities

Completion: May 2023



K-I CHEMICAL U.S.A. INC.

Review of Previous MTBP / Reduce Production Costs and Boost Production Capacity

Implemented capital investment in each business to ensure production capacity that can secure profit and meet demand

■ Tatsuno Factory Established new water dispersible granules plant

- Established new plant at agricultural chemical formulation factory in Tatsuno, Hyogo Pref.
- Integrated multiple functions into one to improve cost competitiveness
- Using fuel with restricted CO2 emissions



Completion: October 2022

■ Kogota Factory Establishment of liquid formulation plant

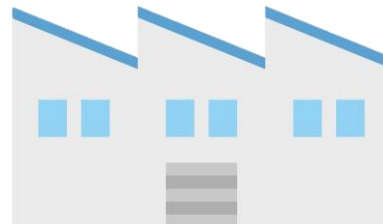
- Currently refurbishing aging plant at the agricultural chemical formulation factory in Toda, Miyagi Prefecture Pref.
- Updating to facilities oriented to reduce waste, improve productivity, maintain a stable supply of products and eliminate safety hazards

Completion: September 2024



■ K.I Chemical Industry Co., Ltd. Establishment of new multi-product chemical plant

- Under construction of multi-product chemical plant in Iwata, Shizuoka Pref. to meet growing demand for electronic materials
- Switch outsourced production to in-house operation by increasing manufacturing capacity
- Working to expand business and improve profitability



Completion: January 2025

■ Ihara Construction Industry Co., Ltd. Reconstructed Semine Factory

- Reconstructed polystyrene factory in Kurihara, Miyagi Pref. because of increasing costs incurred due to aging facilities
- Reduced costs and GHG emissions together with improving productivity due to installation of energy-saving equipments



Completion: August 2021

Review of Previous MTBP / M&A

Implemented M&A transactions to expand business domains and research areas, and diversify sales routes

■ Asiatic Agricultural Industries Pte. Ltd. (Singapore) Became consolidated subsidiary

- Acquired 60% stake in AAI in February 2021
- AAI has a formulation factory in Singapore and sells agricultural chemicals and public health pesticides in Asia and Africa. It is exploring new markets in those regions.
- The Company is promoting synergies in R&D, as well as cooperation in evaluation of biological performance of new agricultural chemicals developed by Kumiai using of AAI's Myanmar test field.
- Currently developing business in Asia and Africa to strengthen and support the sales network.



■ Acquired 80% stake in Agricore Corporation (Fukushima Pref.)

- Acquired 80% stake in Agricore Corporation in October 2022 (non-consolidated subsidiary)
- Provides products and technologies by fully using microorganisms and IT
- We will promote collaboration toward shared goals of further reducing environmental burden and contribution to sustainable agriculture.



■ Acquired 65% stake in GRA Inc. (Miyagi Pref.)

- Acquired 65% stake in GRA Inc. in September 2023 (non-consolidated subsidiary)
- GRA is an agricultural venture engaged in the cultivation of strawberries by means of smart agriculture
- We will realize synergies leveraging the agritech company's advantage and Kumiai Chemical Industry's knowledge and knowhow



Review of Previous MTBP / Initiatives on Climate Change

Addressed ESG issues to realize sustainability management

- Set numerical target for GHG emissions reductions, examined measures and encouraged the implementation

Total GHG emissions of 7 Group companies
(Scopes 1 and 2)

**30% reduction
from FY2019 by 2030**

Switch from heavy oil to LP gas



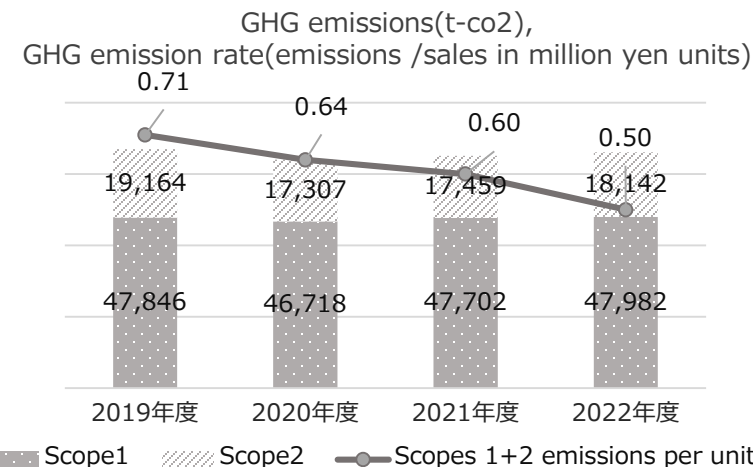
Switch to CO2-free electricity



Install solar panels



- ▶ Put steady measures into practice for target achievement



- Expressed endorsement of TCFD recommendations (November 2022)

Expressed endorsement of TCFD recommendations and started information disclosure in accordance with the TCFD recommendations



- Signed United Nations Global Compact (September 2023)

Endorsed the 10 principles in 4 fields (human rights, labour, environment, and anti-corruption), and made declaration on continuing efforts to achieve them



Review of Previous MTBP / Initiatives on Social Issues

■ Human Resources Development

Developed vision for human resources strategy on human capital management and formulated an action plan to realize the vision

■ Established KPIs for the promotion of diversity and inclusion

Promoting active participation of women

- Percentage of female managers: FY2022 results 1.6% to 4.9% by FY2026
- Appointed a female Director in FY2023

Promoting support for next-generation development

- Percentage of men employees who take childcare leave: FY2022 results 24.1% to 100% by FY2026

■ Respect for human rights

- Human rights due diligence initiatives

Implemented human rights due diligence after establishing the Kumiai Chemical Group Basic Policy on Human Rights
Assessed major suppliers' human rights due diligence and no serious risks were identified

- Raise awareness of human rights, eliminate all forms of harassment

Surveyed all employees' compliance awareness in FY2023 to confirm understanding of human rights issues as well as ascertaining the real situation of power, sexual and all other harassment at the Kumiai Chemical Group. Also implemented anti-harassment training and actively promoted initiatives for eliminating harassment

Review of Previous MTBP / Enhancement of Governance

■ Results of dialogue with shareholders and investors

▶ Performance Briefing, etc.		Company representatives	Participants (Institutional investors, securities companies, etc.)		
			FY2021	FY2022	FY2023
Dec	Performance Briefing	President, officers in charge of investor relations	79	32*	61
Mar	Small Meeting	Officers and managers in charge of investor relations	21	13	15
Jun	Performance Briefing	President, officers in charge of investor relations	60	68	66
Sep	Small Meeting	Officers and managers in charge of investor relations	21	17	12

*Face-to-face briefing. All the others were livestreamed

▶ Communication to individual investors Investor relations coverage		Company representatives	No. of times		
			FY2021	FY2022	FY2023
	Overseas institutional investors, etc.	Managers and staff in charge of investor relations	16	32	45
	Domestic institutional investors, etc.	Managers and staff in charge of investor relations	26	49	41
	Securities companies, etc.	Managers and staff in charge of investor relations	16	19	19

■ Main feedback in dialogue with shareholders and investors in FY2023 (excerpts)

(1) Approach to shareholder returns

- The policy on shareholder returns is to pay a stable dividend. However, the dividend payout ratio is as low as around 20%. A specific payout ratio target should be given.

(2) Insufficient information disclosure on growth and capital strategy in mainstay business

- Information is not sufficient on specific strategies for the future growth of the mainstay AXEEV business and Fine Chemicals Businesses or investment strategy for business growth.

Review of Previous MTBP / Initiatives on Enhancing Corporate Value

Promoted activities for enhancing the social value of agricultural chemicals, one of the Group's key challenges

■ Activities to raise awareness about agriculture and agricultural chemicals

Agricultural chemicals contribute to securing yields, and ensure the quality of harvests and the value of agricultural products (income), and are essential for sustaining stable food production.

Widely provided information to stakeholders on the necessity and safety of agricultural chemicals, carried out awareness-raising activities to enhance the social value of agriculture and agricultural chemicals. Thus facilitated understanding of the Company business and enhanced its corporate value

Published pamphlets



Prepared pamphlets for elementary school children showing the important role that agricultural chemicals play throughout the food production process. Distributed the pamphlets to elementary schools across Japan Available as a digital book on the corporate website New pamphlets to be produced in the future

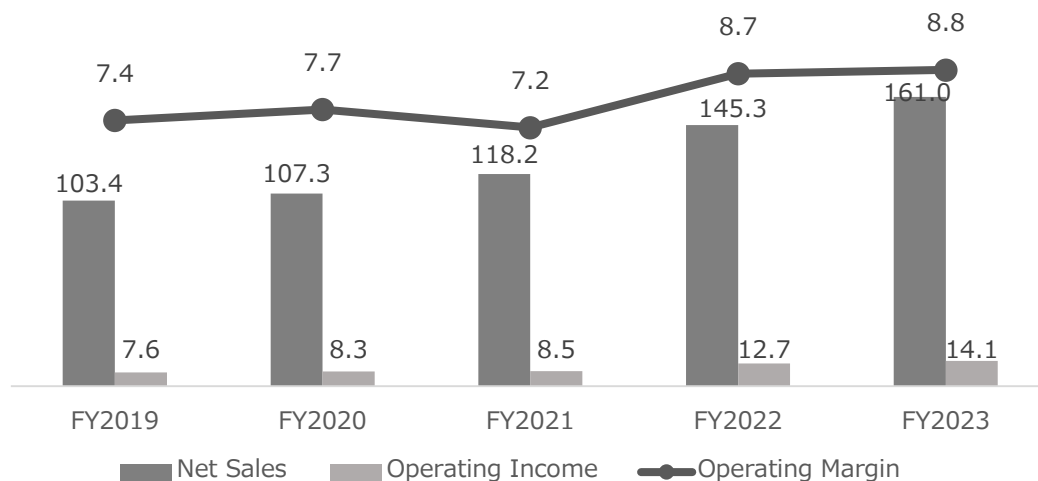
Visiting lessons



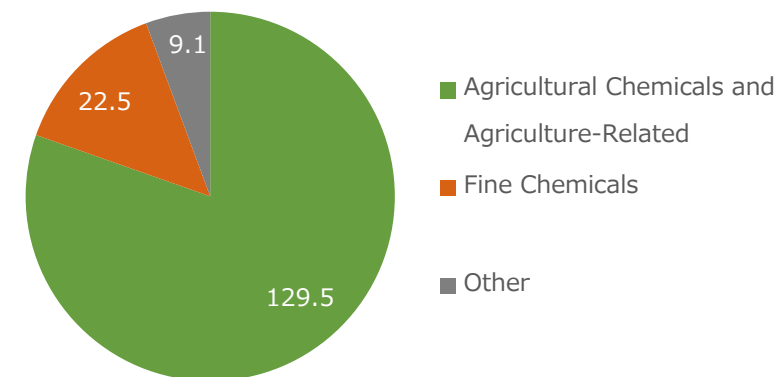
Visiting lessons were given in which Kumiai Chemical Industry staff talked at elementary schools in Shizuoka, Hokkaido, Miyagi, and Fukushima Prefectures. Endeavoring to provide children, teachers, and others of various generations with useful information by means of classroom lessons

Review of Previous MTBP / Financial Highlights

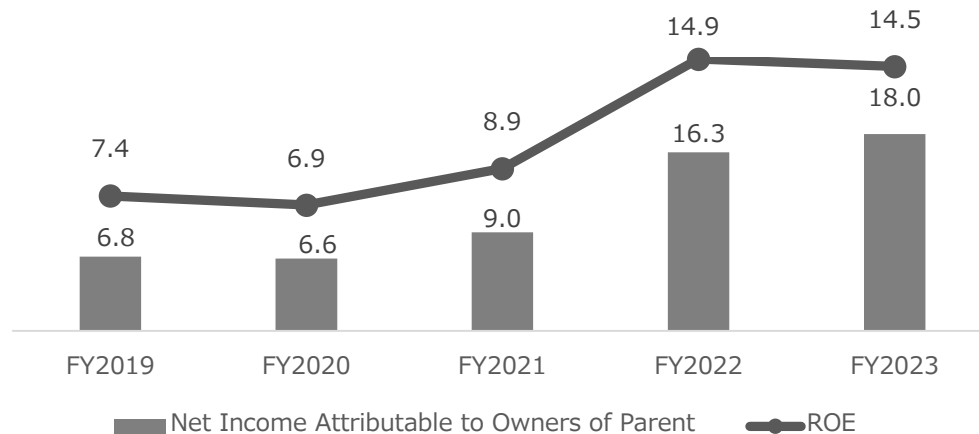
Net Sales(¥1B), Operating Income(¥1B), ROS (Operating Margin,%)



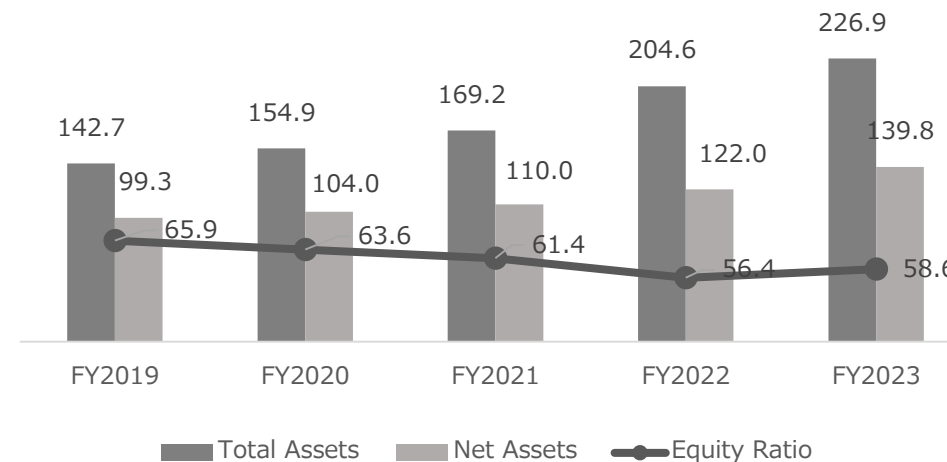
Net Sales by Business Segment (¥1B)



Net Income Attributable to Owners of Parent (¥1B), ROE (%)

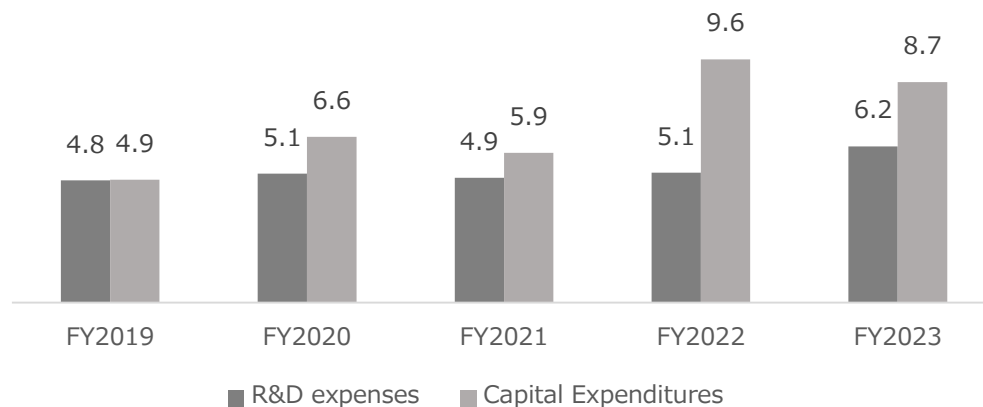


Total Assets (¥1B), Net Assets (¥1B), Equity Ratio(%)

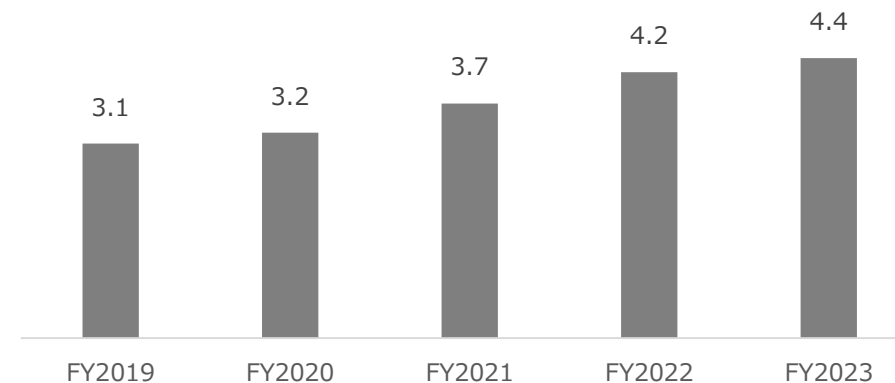


Review of Previous MTBP / Financial Highlights

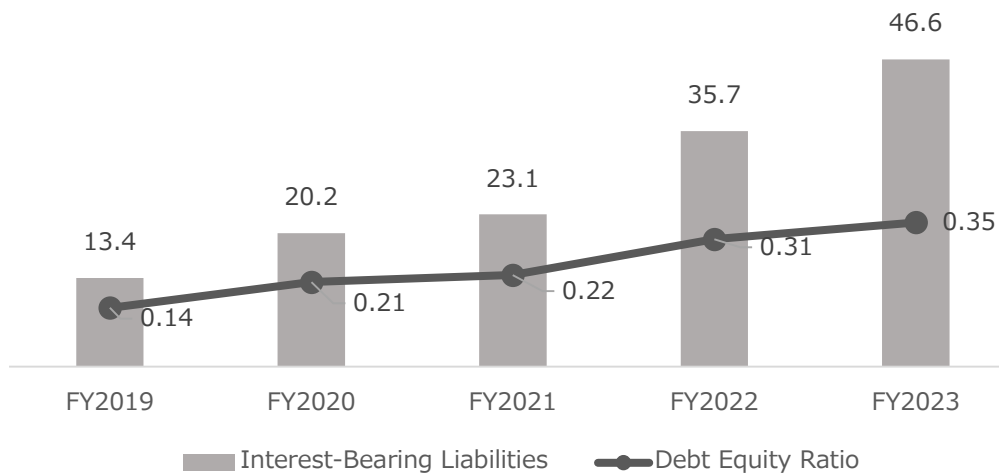
R&D expenses(¥1B), Capital Expenditures(¥1B)



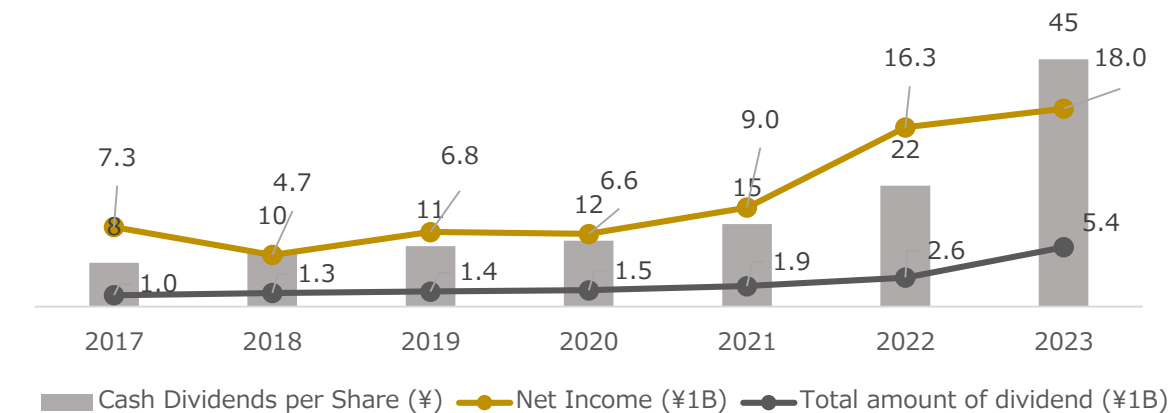
Depreciation & Amortization (¥1B)



Interest-Bearing Liabilities(¥1B), Debt Equity Ratio (times)



Cash Dividends



New Medium-Term Business Plan (FY2024-2026)

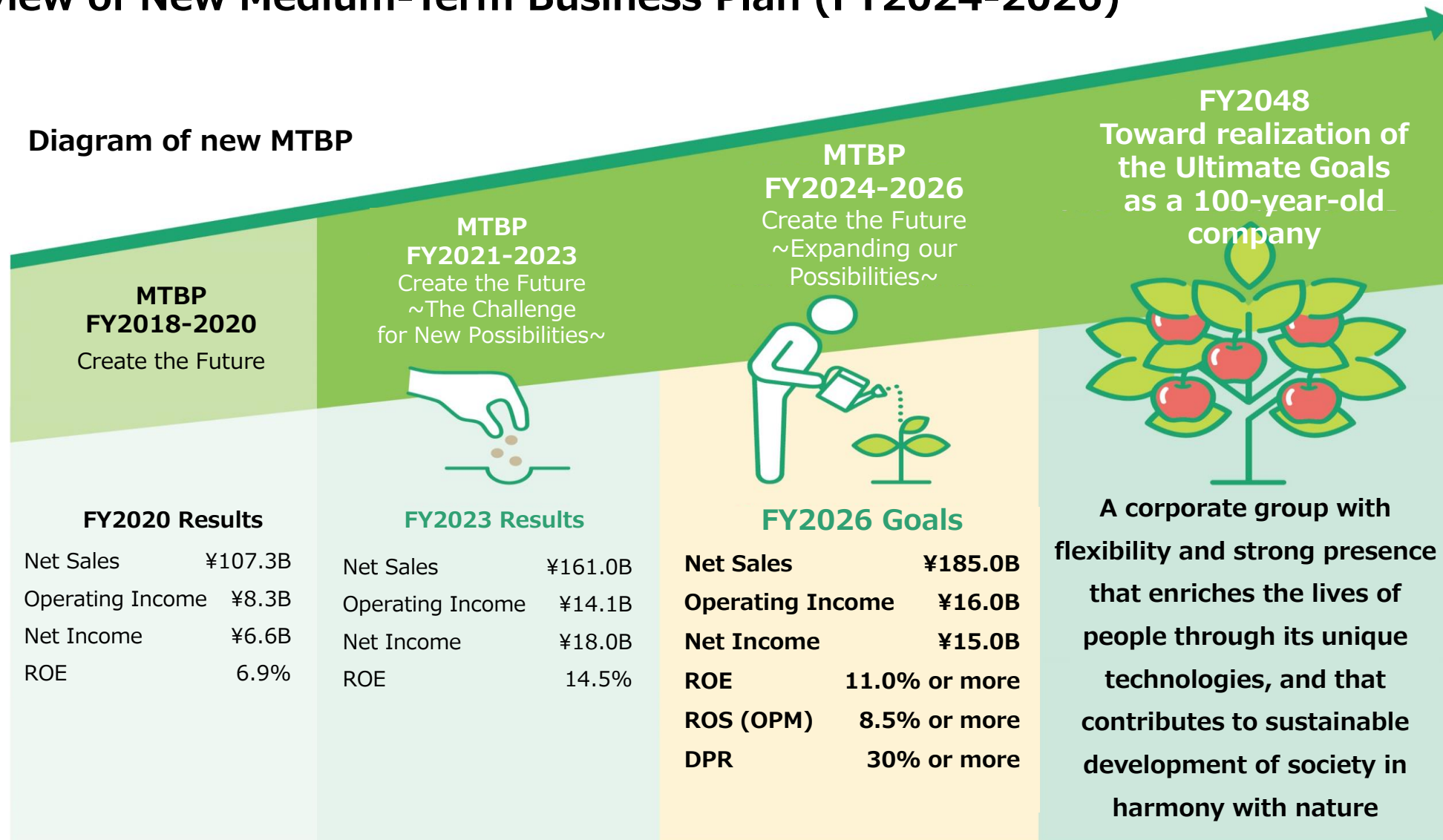
KUMI STORY 2026

Create the Future — Expanding our Possibilities



Overview of New Medium-Term Business Plan (FY2024-2026)

Diagram of new MTBP



Overview of New Medium-Term Business Plan (FY2024-2026)

A 3-year period to continue sowing the seeds to expand business domains, germinate the seeds sowed during the previous MTBP, nurture them into a more concrete form, and strengthen and expand the foundations for future growth of new businesses

Numerical Targets

- Net sales: ¥185.0B, operating income: ¥16.0B, net income: ¥15.0B, ROE: 11.0% or more, ROS: 8.5% or more

Capital Policy

- Capital investment of ¥27.6B, and R&D expenses of ¥22.0B (both figures are the total for 3 years) for future growth
- Make aggressive investment and drive programs to strengthen the financial structure
- Strengthen shareholder returns from previous MTBP and set payout ratio target of 30% or more

Basic Management Policy

We aim to build a management foundation that can respond to changes in business environment by developing innovative technologies and exploring new business domains, and to be a corporate group that can contribute to realization of a sustainable society by providing with our products and services which can enrich the lives of people

	2023 Results	2026 Targets
Net Sales	¥161.0B	¥185.0B
Operating Income	¥14.1B	¥16.0B
Net Income	¥18.0B	¥15.0B
ROE	14.5%	11.0% or more
ROS (Operating Margin)	8.8%	8.5% or more *mid-to-long-term target: 10% or more

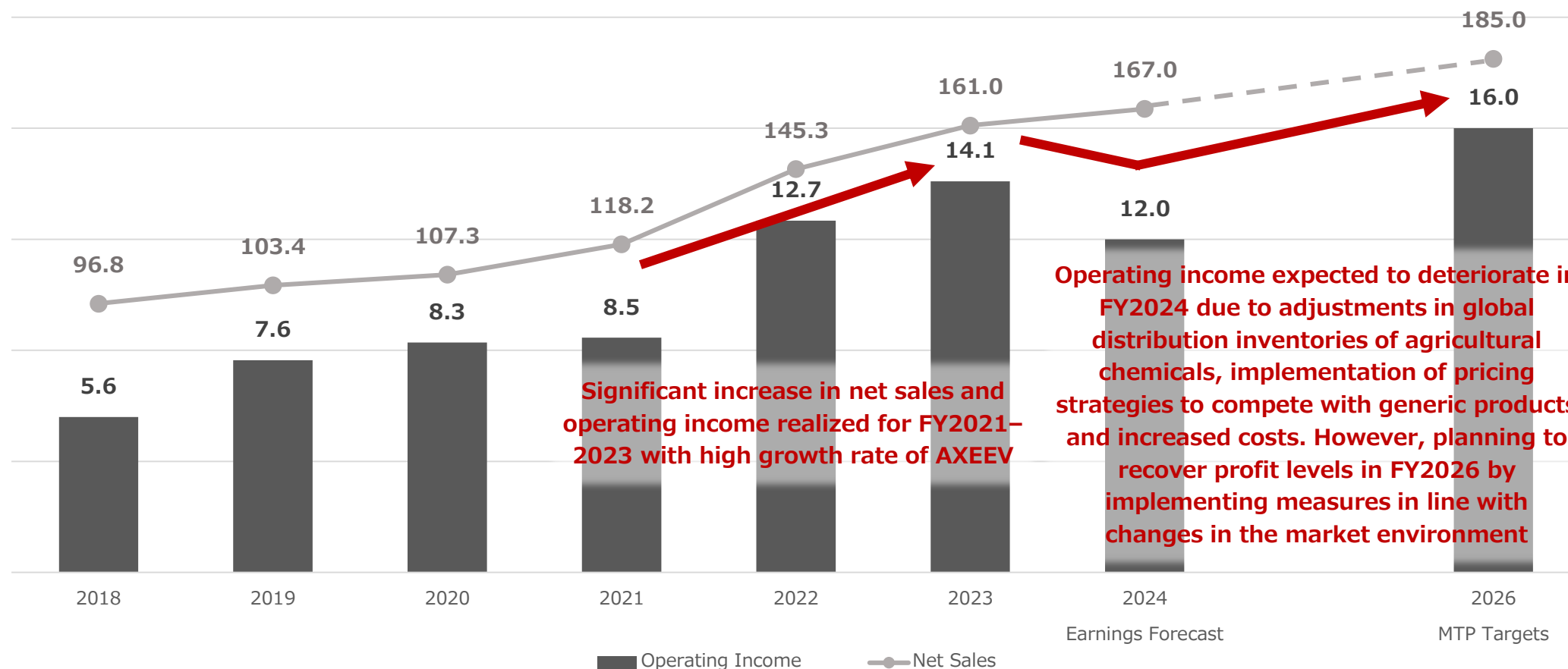
	2021-23 Results	2024-26 Plan
Capital Investment	¥24.3B	¥27.6B
R&D Expenses	¥16.3B : preliminary amount	¥22.0B

2026 Target	
Dividend Policy	Dividend payout ratio: 30% or more Basic policy is to continue to pay stable dividends based on a comprehensive assessment of shareholders returns, taking into account earnings trends and internal reserves to strength the corporate structure and prepare for future business development

Overview of New Medium-Term Business Plan (FY2024-2026)

Net sales and operating income increased significantly up to FY2023 driven by the high growth rate of AXEEV. We aim to achieve record high sales and operating income in FY2026 even though rising costs are expected during the new MTBP period.

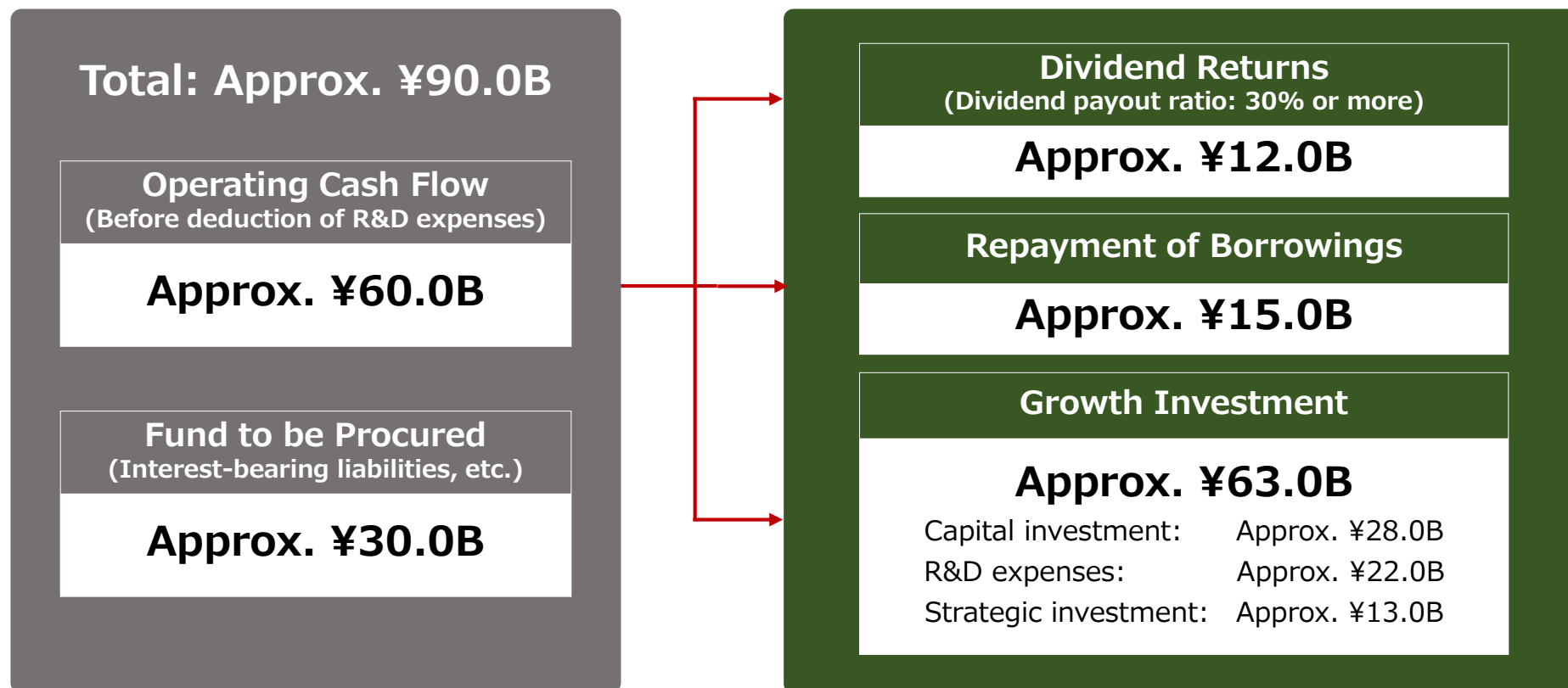
Net Sales and Operating Income (¥1B)



Overview of New MTBP / Allocation of Capital

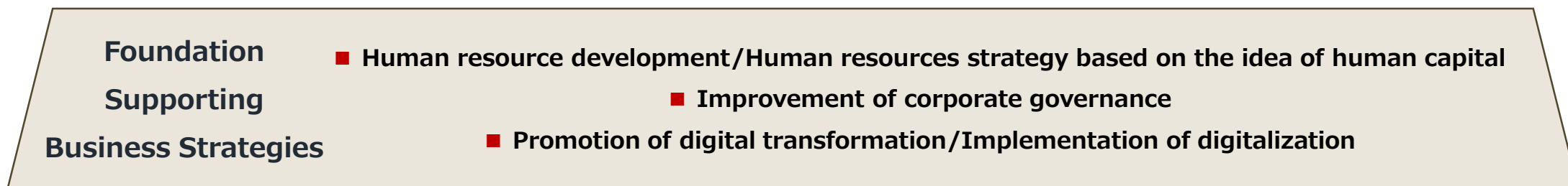
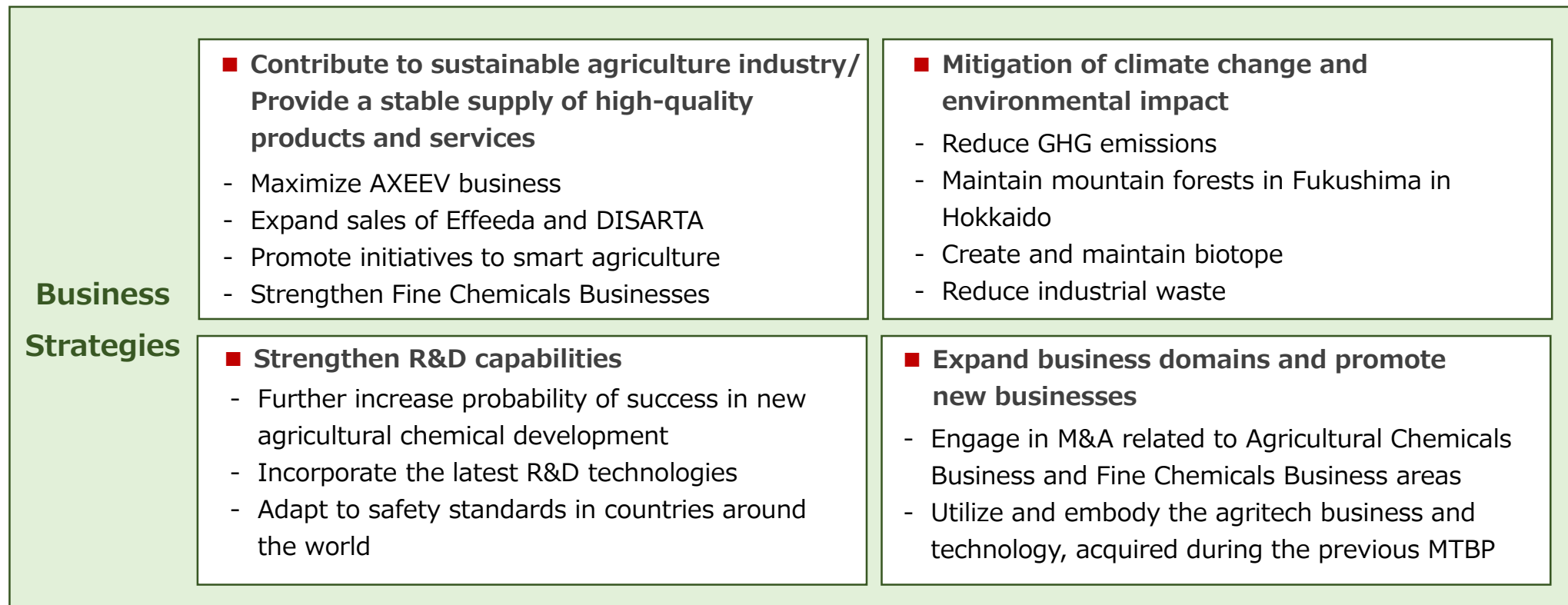
Capital allocation assumptions to promote efficient capital policy (FY2024–2026)

■ Capital allocation assumptions in new MTBP (FY2024–2026)



Overview of New MTBP / Key Policies

Seven issues that must be addressed during new MTBP period were selected from the materiality and set as key policies



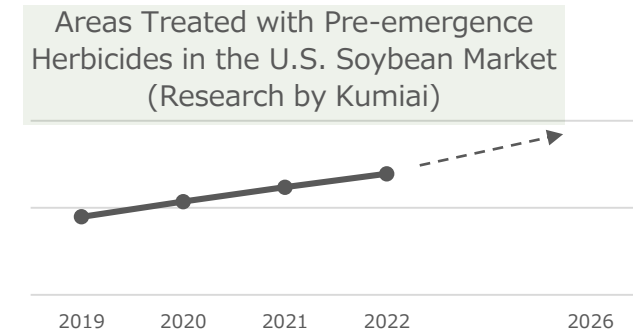
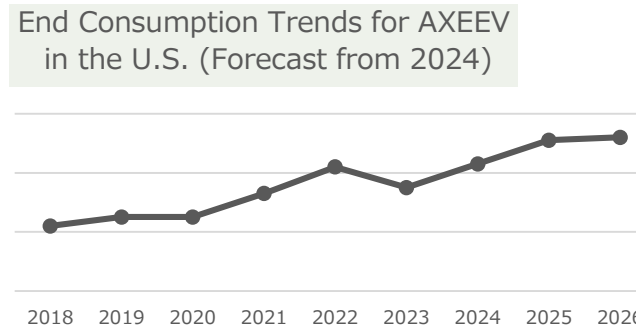
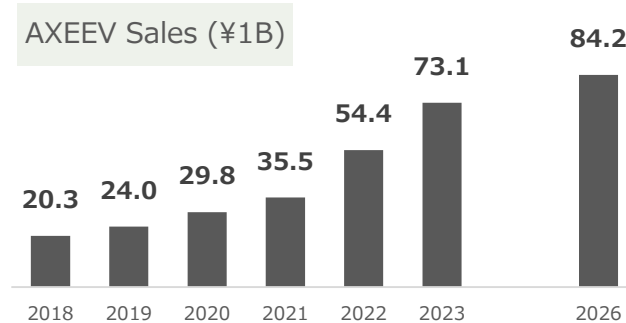
Contribute to sustainable agricultural industry / Provide a stable supply of high-quality products and services (Agricultural Chemicals Business)

AXEEV expected to remain central driver of growth under new MTBP

Expand sales of Effeeda and DISARTA in Japan and overseas to consolidate foundation for sustainable business growth

Maximize AXEEV business FY2026 sales plan: ¥84.2B

- We believe sales of AXEEV can expand further until FY2026 due to the spread of herbicide resistant weeds in the U.S. soybean market, the increase in the areas treated with pre-emergence herbicides due to expansion of overlapping treatment, and sales increase in the U.S. corn market.
- The adverse inventory adjustment of agricultural chemicals continuing globally until FY2024 is expected to gradually dissipate in FY2025 onward.
- Strengthen sales promotion support and implement appropriate pricing strategies as a counter-measure to compete with generic products (Australia and Argentina)



Expand Sales of Effeeda FY2026 sales plan: ¥10.1B

- Plan continuous launch of new products for Japan from FY2024 onward. Promote formulation development in line with market needs
- Work to maximize the volume of EFFEEDA through collaboration with other manufacturers
- Strengthen overseas development with activities for further sales expansion

Expand Sales of DISARTA FY2026 sales plan: ¥4.4B

- Work to enforce product lineup of mixed formulations to drive further growth. Aim to maximize sales in FY2026
- Develop South Korean business. Launch of four products containing DISARTA for rice nursery boxes by 4 different partner companies in 2023

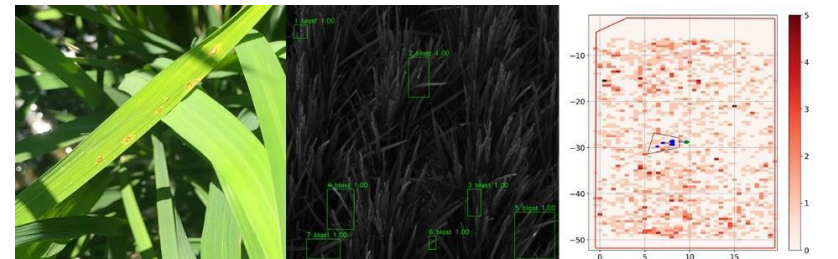
Contribute to sustainable agricultural industry / Provide a stable supply of high-quality products and services (Agricultural Chemicals Business)

Strengthen initiatives aimed at realizing smart agriculture through collaboration with partner companies

■ Utilize AI

Cooperate on earth-friendly agriculture by combining sensing and drones
 Establish technology to detect rice blast using drones through joint research with Nileworks Inc., a specialist firm in development and sale of drones and technological pursuit of agricultural DX

- ▶ Become able to detect rice blast as small as 5 mm, undetectable by conventional drone-based disease diagnostics



Acquire imaging data > Examine detection models
 > Detect diseases and pests through models > Map agricultural fields

■ Investigate spraying of Mametsubu herbicides

Currently investigation under way with partner companies about spraying of Mametsubu herbicide using drones, radio-controlled boats, and automatic watering systems



■ Expand lineup of products compatible with diverse technologies

Contribute to labor savings by developing agricultural chemicals applicable to non-thermal fogging treatment

*Non-thermal fogging treatment uses a compressor or similar equipment to produce a fine mist (aerosol) of chemical solution at ambient temperature to spray into every corner of greenhouse, without using a heat source



Contribute to sustainable agricultural industry / Provide a stable supply of high-quality products and services (Fine Chemicals Business)

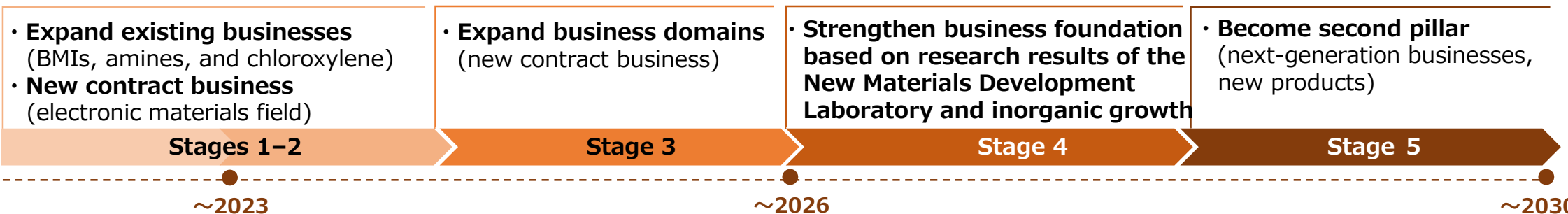
Position Fine Chemical Businesses as the second pillar, by developing business in growth areas such as semiconductors and other electronic materials

■ Expand Existing Businesses

- Leverage the actual extensive portfolio of bismaleimides (BMIs) to meet increasingly strict requirements, such as high heat resistance, high strength, and low dielectric properties to explore new customers and applications
- In the amines business, maximize earnings by expanding lineup of EHS-related products and/or electronic material-oriented products, where demand is expected to grow in the future
- Chloroxylene derivatives are expected to be in demand in a broad range of fields, so promote high value-added products targeting further downstream to attract new customers and expand business domains.

■ Create New Businesses

- Endeavor to launch new contract manufacturing business of fine chemicals (electronic materials field) as soon as possible. Also work to expand business domains by actively taking on the challenge of contract manufacturing in the semiconductor field, where the most stringent specifications are required
- Develop innovative products through research activities by the New Materials Development Laboratory, expand business domains or collaborate for downstream business



Reduce Climate Change and Environmental Impact

Contribute to protecting the global environment leveraging the Group's technologies and knowledge

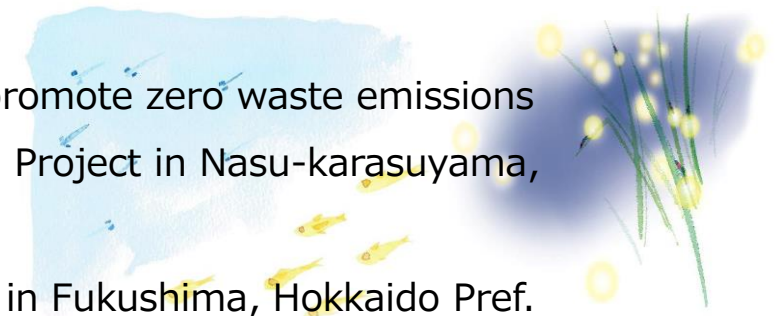
■ Address Climate Change

- Continue efforts to reduce GHG emissions (30% reduction from FY2019 by FY2030)
- Respond to measures taken in each country, such as the Strategy for Sustainable Food Systems, MIDORI in Japan and the Farm to Fork Strategy in Europe
- Make efforts to solve logistics issues



■ Contribute to Maintaining Biodiversity

- Properly manage water resource and waste, reduce consumption, and promote zero waste emissions
- Satochi-Satoyama (socio-ecological production landscapes) Preservation Project in Nasu-karasuyama, Tochigi Pref.
- Tree-planting and tree-raising activities, and weed management project in Fukushima, Hokkaido Pref.
- Create, maintain, and manage biotope in Kikugawa, Shizuoka Pref.



■ Contribute to Recycling-Based Society

- Properly manage water resource and waste, reduce consumption, and promote zero waste emissions

Enhance Research and Development Capabilities

Accelerate research into developing new agricultural chemicals to contribute to global food

■ Initiatives of Developing New Agricultural Chemicals

- To date, the Company's success rate of developing new active ingredient is 1 in 7,500 compounds, far higher than the generally accepted 1 in 160,000 compounds
- Successfully commercialized at least one new active ingredient every three years
- To further improve efficiency, use new techniques proactively such as target-based screening and AI
- Promote research into microbial pesticides and biostimulants in addition to conventional agricultural chemicals, with a view to cooperating with governmental initiatives such as the Strategy for Sustainable Food Systems, MIDORI and the Farm to Fork Strategy

■ New Active Ingredient Pipeline

Insecticide

- Acaricide flupentiofenox (VANENTA®) (to be registered in 2024)
- Global development of insecticide A

Fungicide

- Paddy rice fungicide A under development (to be registered in 2026)

Herbicide

- Effeeda® under development as herbicide for wheat in Europe (to be registered in 2029)

Microbial pesticide

- Root tip carcinoma control agent ECO ARK® (to be registered in 2025)

Name	Type	Evaluation stage	Development stage	Launched/ Expansion of registered countries or applied crops
Insecticide				
Flupentiofenox (VANENTA®)	Acaricide		●	
Insecticide A	Insecticide for paddy rice		●	
Insecticide B	Insecticide for paddy rice and horticulture	●		
Fungicide				
Fungicide A	Fungicide for paddy rice		●	
Fungicide B	Fungicide for fruit trees and vegetables	●		
Fungicide C	Fungicide for field crops	●		
Herbicide				
Effeeda®	Herbicide for wheat			●
Herbicide A	Herbicide for field crops	●		
Microbial pesticide and biostimulants				
<i>Rhizobium vitis</i> ARK-1plant (ECO ARK®)	Root tip carcinoma control agent		●	
Microbial pesticide A	Control agent for fruit trees and vegetables	●		
Microorganisms B	Biostimulants	●		

Expand Business domains and Promote New Businesses

Expand business domains mainly with M&A action, and promote new businesses to realize the Group's sustainable growth

- Implement M&A of businesses in the Agricultural Chemicals Business and Fine Chemicals Businesses areas
 - Work to further expand business domains of existing Agricultural Chemicals Business and Fine Chemicals Business
 - Without changing the Company's key business categories, (agriculture, agricultural chemicals, and fine chemicals) expand into new businesses in areas peripheral to existing businesses

- Expand business domains using AAI, a subsidiary consolidated during the previous MTBP
 - Expand Agricultural Chemicals Business using AAI's sales channels and manufacturing technology
 - Promote development of agricultural chemicals in Africa and Asia

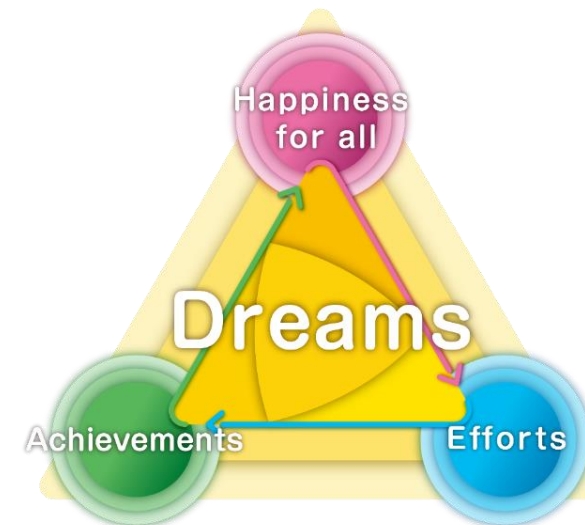
- Make use of agritech business acquired during the previous MTMP
 - Contribute further to the realization of sustainable agriculture with agritech (smart agriculture) technology incorporated into Kumiai Chemical Group
 - In particular, speed up the synergies in research and development of our products in horticulture, and product development and sales of microorganism materials

Develop Human Resources/Human Resources Strategy Based on the Idea of Human Capital

Establish a vision for human resources strategy in line with the slogans “Dreams” and “the Happiness Triangle”



Figure: Concept of “Dreams” and “the Happiness Triangle”



Develop Human Resources/Human Resources Strategy Based on the Idea of Human Capital

Establish a human resources strategy aimed at maximizing the value of human resources considered as capital and enhancing corporate value over the medium to long term

■ Put into practice the following action plan aimed at realizing the vision for human resources strategy

Recruitment

- Specify requirements for priority personnel and develop recruitment and staffing plans for each department/division
- Upgrade recruitment activities for systematic and efficient selection of core personnel from both new graduates and experienced professionals

Training

- Improve company-wide education and training system, and enhance development programs for each position (managers, manager candidates, etc.)
- Modify OJT planning formats to help advance the OJT system

D&I

- Prepare diversity and inclusion (D&I) implementation plans by clarifying the policy and vision, and put them into practice
- Set up diversity promotion working group, create vision, and promote women's active participation

WLB

- Identify issues around work-life balance (WLB), formulate measures to resolve essential issues and implement them
- Develop health and productivity management promotion system and obtain accreditation under the Certified Health & Productivity Management Outstanding Organizations recognition program

Personnel System

- Design the personnel system on the basis of rewards matching the role and performance results, eliminating seniority idea, and encouraging active participation of diverse human resources
- Enhance specialist system, realize diverse work styles, and revise current personnel organization incorporating region-specific systems and life event-based handling

Evaluations

- Introduce systems of encouraging proactive challenges, and developing professional ability to handle required duties
- Review evaluation system to improve fairness and persuasiveness, and implement feedback interviews with every employee

Remuneration

- Revise system into one that is more clear-cut with remuneration based on job responsibilities and actual contribution
- Set wages in line with job characteristics and revise allowances to increase job satisfaction

Career Planning- Based Deployment

- Visualize career paths and clarify career vision through development of career maps
- Drastically enhance career development support, including introduction of career training and internal recruitment system

Upgrade Corporate Governance, Promote Digital Transformation (DX)/Digitalization

Strengthen governance and promote DX and digitization to reinforce business foundation supporting business strategies

Upgrade Corporate Governance

Develop risk management system

- Develop and operate thorough internal control system
- Organize risk information and share countermeasures
- Create the foundations for fostering and evolving proper risk-handling practice

Develop compliance system

- Promote compliance awareness activities
- Ensure safety, environmental, and legal compliance throughout the Group

Collaborate with stakeholders

- Disseminate information to increase stakeholder confidence(Implement ESG initiatives and awareness promotion)

Promote DX/Implement Digitization

Issues common to all departments

- Implement digitization and digitalization to promote DX
- Reinforce systems/security section
- Introduce digital technologies suitable to diverse work styles
- Examine the use of generative AI and prepare guidelines
- Establish processes for efficient data collection

R&D

- Investigate creative techniques of discovering new molecules using AI and any other digital methods
- Develop and operate the chemical substance management system

Production

- Automate factory facilities
- Conduct technical surveys of production and procurement-related DX

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<Inquiries>

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