

INTEGRATED REPORT 2025

KUMIAI CHEMICAL GROUP Integrated Report 2025

 KUMIAI CHEMICAL INDUSTRY CO., LTD.



Corporate Philosophy

It is our aim to use creative science to contribute to a safe, secure, and prosperous society in harmony with our overriding theme of “Protecting and fostering life and nature.”

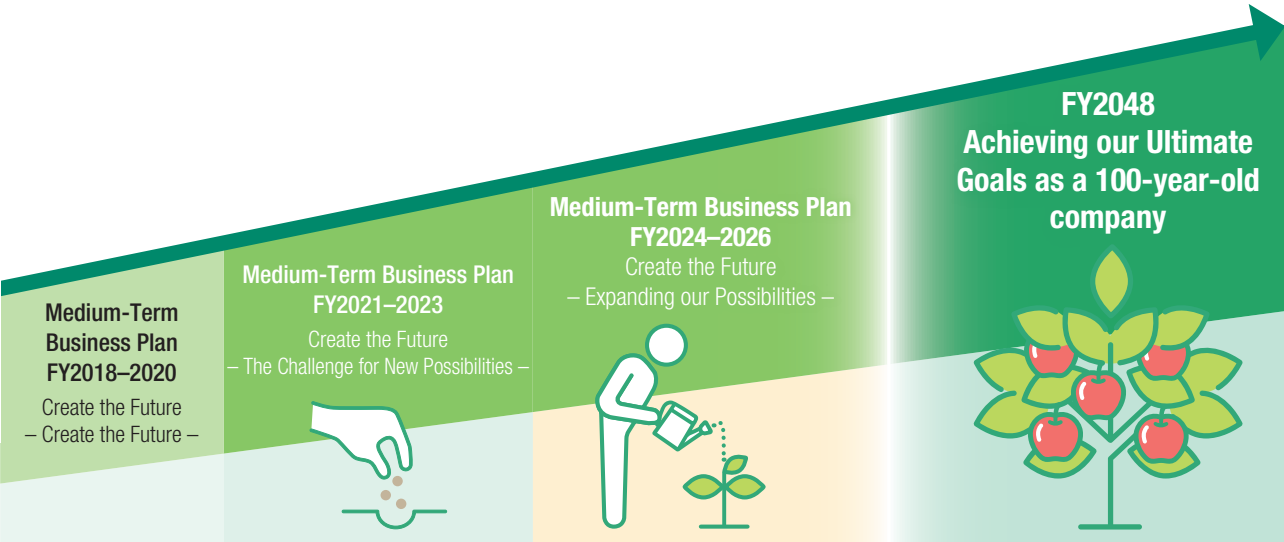
Management Vision

- Aiming to be a global company that always has its eyes on the world and takes a leadership role in the world market
- Constantly creating new value to meet the needs and trust of our customers
- To form a vibrant and fast-paced group of people who constantly challenge high goals
- Always strive for harmony with all stakeholders through transparent corporate activities

Medium-Term Business Plan (FY2024–2026)

KUMI STORY 2026

Create the Future—Expanding our Possibilities



On the publication of KUMIAI CHEMICAL GROUP Integrated Report 2025

Kumiai Chemical Group publishes an Integrated Report to engage with all stakeholders by communicating our group's value creation from both financial and non-financial perspectives.

In the Integrated Report 2025, the third year of the report, we reviewed its structure and enhanced its contents to achieve clearer communication of our initiatives for the realization the Medium-Term Business Plan “KUMI STORY 2026” and our business model. The human race is facing unprecedented challenges, such as food insecurity associated with global population growth and climate change. Since its founding, our group has been engaged in the research and development, manufacturing, and marketing of agricultural chemicals that are essential for food production. Under such circumstances, we have held many discussions both inside and outside the Company about how to sincerely and carefully communicate the kinds of new value that our group can create and how we can contribute to society and the global environment. We hope that the Integrated Report 2025 will help all stakeholders, including shareholders, business partners, and employees, to gain an understanding of our group.

- POINT 1

Message from the President → P.11-16

A new management team was established with the change in President in November 2024. In his message, the new President communicates his policy and growth strategy.
- POINT 2

Human Capital Strategy → P.33-36

Our group has formulated a human capital strategy in the belief that human capital is the critically important factor and essential for sustainable growth. In this section, we present an overview of this strategy and its progress.
- POINT 3

Special Feature: Outside Directors Discussion → P.64-68

Our three Outside Directors exchange their opinions on the enhancement of corporate value and strengthening of risk management and compliance.



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Structure of Disclosure Information

Kumiai's official website <https://www.kumiai-chem.co.jp/english/>

Corporate Information
<https://www.kumiai-chem.co.jp/english/company/>

- What's Kumiai
- Corporate History
- President's Message

Products
<https://www.kumiai-chem.co.jp/english/products/>

- Agrochemical Products
- Chemical Products

Research and Development
<https://www.kumiai-chem.co.jp/english/rd/>

Sustainability
<https://www.kumiai-chem.co.jp/english/sustainability/>

- Sustainability Management
- Environment
- Social
- Governance

Investor Relations
<https://ir.kumiai-chem.co.jp/en/index.html>

- Management Policy
- Financial Performance

Time of Publication
April 2025

Reporting Period
FY2024 (November 2023 to October 2024)

Scope
Published financial and non-financial information and ESG information on our group

Reference Guidelines

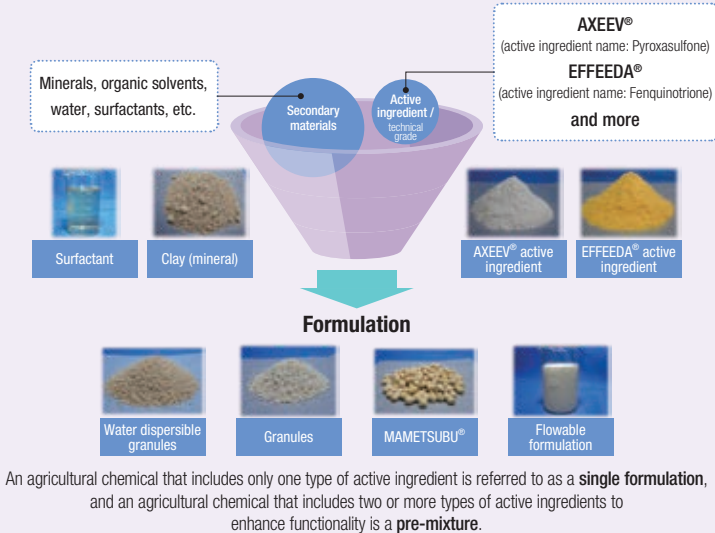
- Ministry of Economy, Trade and Industry
“Guidance for Collaborative Value Creation (Guidance)”
- Global Reporting Initiative
“GRI Sustainability Reporting Standards”
- Ministry of the Environment
“Environmental Reporting Guidelines”
- IFRS Foundation
International Integrated Reporting Framework

KUMIAI CHEMICAL INDUSTRY (Kumiai)'s business began when the Citrus Industry Association manufactured agricultural chemicals in what is now Shimizu-ku, Shizuoka City, and it was established in 1949. Since then, we have been focusing on research and development of safe and effective agricultural chemicals and promoting their wider use in order to contribute to development of agriculture and support stable production of safe and secure food worldwide. Know-how we have acquired through the agricultural chemicals business during the history of more than 70 years is shared across the other fields, and we are now running operations primarily in the two segments, Agricultural Chemicals and Agriculture-Related Business, which supports food worldwide, and Fine Chemicals Business, which contributes to better quality of life in diverse settings.

About Agricultural Chemicals Industry

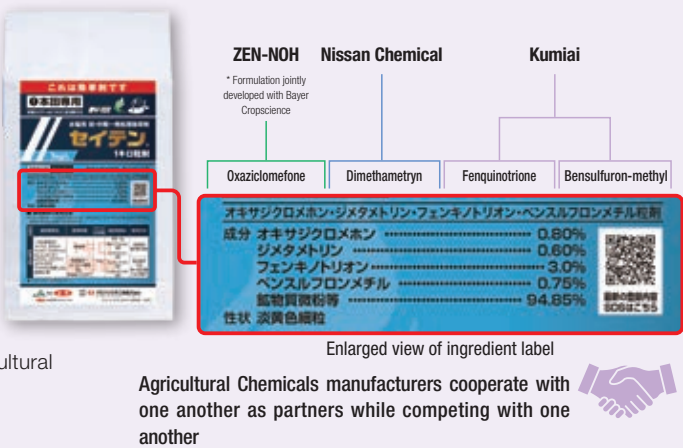
Constituents of Agricultural Chemicals

An agricultural chemical consists of an active ingredient and secondary materials. Our AXEEV® and EFFEEDA® correspond to active ingredients. It is important to apply agricultural chemicals uniformly to enable active ingredients to be fully effective. An active ingredient and secondary materials are mixed together in balanced combination to create a formulation that enables uniform application, and such a formulation is used as an agricultural chemical. Two or more types of active ingredients can be combined to enhance functionality, and formulations created in this way are referred to as pre-mixtures.



Characteristic of Agricultural Chemicals Industry ①

In general, manufacturers of agricultural chemicals provide their proprietary active ingredients to other companies and conversely bring in other companies' proprietary active ingredients to build a satisfactory portfolio against a large number of weeds and pests. They bring in other companies' active ingredients to develop products with enhanced functionality and transfer their active ingredients to other companies to maximize their earnings. Other manufacturers of agricultural chemicals are our competitors and partners.



Characteristic of Agricultural Chemicals Industry ②

In Japan, agricultural chemicals are distributed to croplands by a "ZEN-NOH-affiliated channel" and a "commercial channel." The ZEN-NOH-affiliated channel runs: agricultural chemicals manufacturers → The National Federation of Agricultural Cooperative Associations (ZEN-NOH) → prefectural headquarters/unions of ZEN-NOH → each local Japan Agricultural Cooperatives (JA) → growers/users. The commercial channel runs: agricultural chemicals manufacturers → wholesalers → retailers/each local JA → growers/users.

Characteristic of Agricultural Chemicals Industry ③

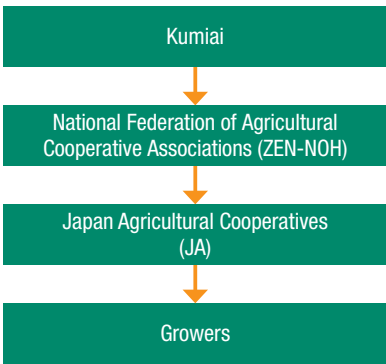
Agricultural chemicals are used not only on cropland but also in the non-cropland field including golf courses, highways, and railroad tracks. In Japan, each manufacturer sells and delivers products to end users in the non-cropland field either directly or through local agents.

Agricultural Chemicals and Agriculture-Related Business Japan

Our product portfolio includes hundreds of various herbicides, fungicides, and insecticides for meeting the different needs in the market, which vary according to the region. We also have expert sales persons and engineers assigned across Japan for community-based sales and activities to promote wider use. They propose agricultural chemicals according to the region, and provide after-sales service.

We sell products that we develop and manufacture to the National Federation of Agricultural Cooperative Associations (ZEN-NOH), and these products are provided to growers by JA throughout Japan. We also sell our proprietary active ingredients and products to other manufacturers of agricultural chemicals to maximize sales and profits.

In addition to our products for cropland, our group also develops and sells products for non-cropland such as golf courses, highways, and railroad tracks.



Net sales for the fiscal year ended October 2024
38.9 billion yen

Japanese market share for one-shot herbicides for paddy rice
No. 1
* Calculated by Kumiai based on materials of Japan Association for Advancement of Phyto-Regulators

Usage area of labor-saving formulation MAMETSUBU®
114,000 ha

Characteristics of Business

- 1 Sales channel and sales season: End products that include formulations of active ingredients and enhanced added value are provided to growers through ZEN-NOH (ZEN-NOH-affiliated channel). Our mainstay products are shipped coinciding with the season for cropping paddy fields in Japan. Accordingly, most of our sales (approx. 70% of the annual plan) are completed around April.
- 2 Sales to other agricultural chemicals manufacturers: Our proprietary active ingredients and products are also sold to other manufacturers of agricultural chemicals to maximize sales and profits.
- 3 Sales system: We have expert sales persons and engineers assigned across Japan to propose agricultural chemicals according to the region and provide after-sales service.

Main Products and Services

Top Japanese Market Share One-Shot Herbicides for Paddy Rice

Weed control is essential in paddy rice cultivation to ensure stable yields. Over the years, we have developed a number of herbicides that effectively control weeds and have minimal impact on crops, the environment, and organisms. In the field of one-shot herbicides, which have long-lasting efficacy and are highly favored by growers, we sell several highly effective pre-mixtures that include our proprietary active ingredients and have held the top share of the Japanese market for four consecutive years.



Labor-Saving Formulation MAMETSUBU®

MAMETSUBU® is a labor-saving formulation for paddy rice that we developed. Whereas common granules are 0.8 to 1.2 mm in size, MAMETSUBU® granules are 3 to 8 mm and float on the surface of water, diffusing the active ingredients throughout the paddy field. MAMETSUBU® can be applied without any need for people to enter the paddy field. MAMETSUBU®, which is compatible with various application methods, enables labor-saving and simplified weed control and is indispensable for sustainable agriculture.



Products To Control Difficult-To-Control Weeds SOLISTE

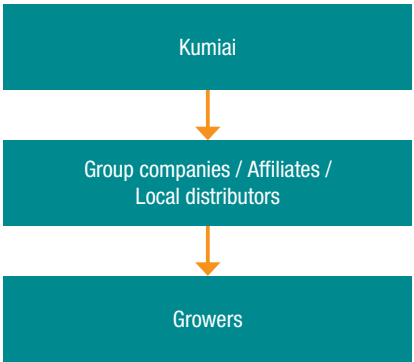
SOLISTE is highly effective against annual bluegrass, which is the most formidable weed at golf courses. This product helps to keep golf course turf in good condition and contributes to improved player satisfaction.





Agricultural Chemicals and Agriculture-Related Business Overseas

We sell its proprietary products in more than 50 countries around the world. We sell to growers in collaboration with group companies, affiliates, and distributors that have strong sales networks in each market. Active ingredients that our group sells are commercialized by distributors, and are then sold to local retailers and growers. In addition to single formulation, we also develop and sell pre-mixtures that combine other ingredients, such as active ingredients owned by distributors. We also sell products that are based on our unique technologies through distributors to increase added value by differentiating our products from those of our competitors. Regarding sales promotion, employees of our group visit local markets in order to conduct surveys, identify customer needs, and propose effective usage suited to the region, leading to development of new markets.



Net sales for the fiscal year ended October 2024

89.3 billion yen

AXEEV® growth rate (CAGR)

23 %

(FY2013–2024)

Global business development/ Number of countries where sold

Over **50** countries

Characteristics of Business

- 1 Sales channels

Our products are sold to growers in collaboration with group companies, affiliates, and distributors that have strong sales networks in each market. Active ingredients that our group sells are commercialized by distributors, and are then sold to local retailers and growers.
- 2 Development of pre-mixtures

We also develop and sell pre-mixtures that combine our active ingredients with other ingredients, such as active ingredients owned by distributors.
- 3 Overseas sales ratio

FY2024 results: 70% (Agricultural Chemicals and Agriculture-Related Business)
The ratio of overseas sales to the total has been increasing due to the growth of AXEEV®.

Main Products and Services

Supporting Agriculture Worldwide AXEEV®

AXEEV® is a field crop herbicide that can be used on major crops worldwide. In recent years, the emergence and spread of herbicide resistant weeds have become a major issue worldwide. Because AXEEV® is highly effective against these weed species, it is widely accepted around the world as a product to control such herbicide resistant weeds. It was launched in 2011 and is established as an “essential product” at overseas agricultural sites.



To New Markets EFFEEDA®

EFFEEDA® is a herbicide sold mainly for paddy rice in Japan and South Korea. Given its herbicidal efficacy and safety for crops, we are also promoting development for wheat applications in Europe. We have already filed an application for agricultural chemical registration with the authorities, and preparations are underway for commercialization. Europe is the world's leading wheat producing region. By entering this huge market, we aim to maximize the sales of EFFEEDA®.



Fine Chemicals Business

We are engaged in R&D, manufacturing, and sales of fine chemicals used in various aspects of daily life by applying advanced organic synthesis technology cultivated over many years. Our products are applied in items familiar to us, such as semiconductors, aircraft and automobile parts, and waterproof materials for roads and buildings. In addition to the development and sales of our own products, we conduct custom manufacturing, including manufacturing process development.

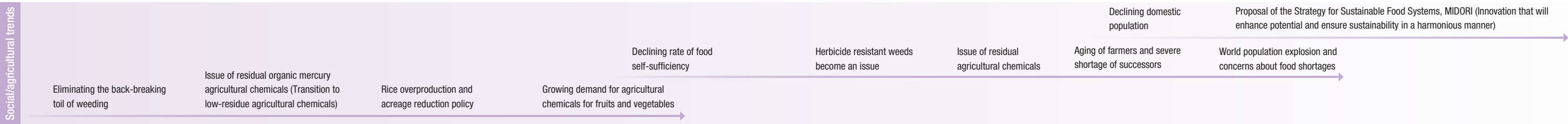
Net sales for the fiscal year ended October 2024

25.0 billion yen



Kumiai Chemical Group's History

In the course of the more than 70 years since its foundation in 1949, KUMIAI CHEMICAL INDUSTRY (Kumiai) has pursued research, manufacturing, and sales of agricultural chemicals. We will continue our day-to-day endeavor to help address the global issues “global food security” and “environmental conservation.”



Foundation to Development of Domestic Agricultural Chemicals (1949 to 1968)

After WWII, the low productivity of farming became an issue. Therefore, we began to manufacture and sell agricultural chemicals to help resolve food insecurity. We established ourselves as an agricultural chemical manufacturer in Japan such as by launching the first domestically produced agricultural chemical fungicide ASOZIN in 1959 and KITAZIN® in 1965.

Leaping Forward to Become the Top Manufacturer of Agricultural Chemicals in Japan (1969 to 1989)

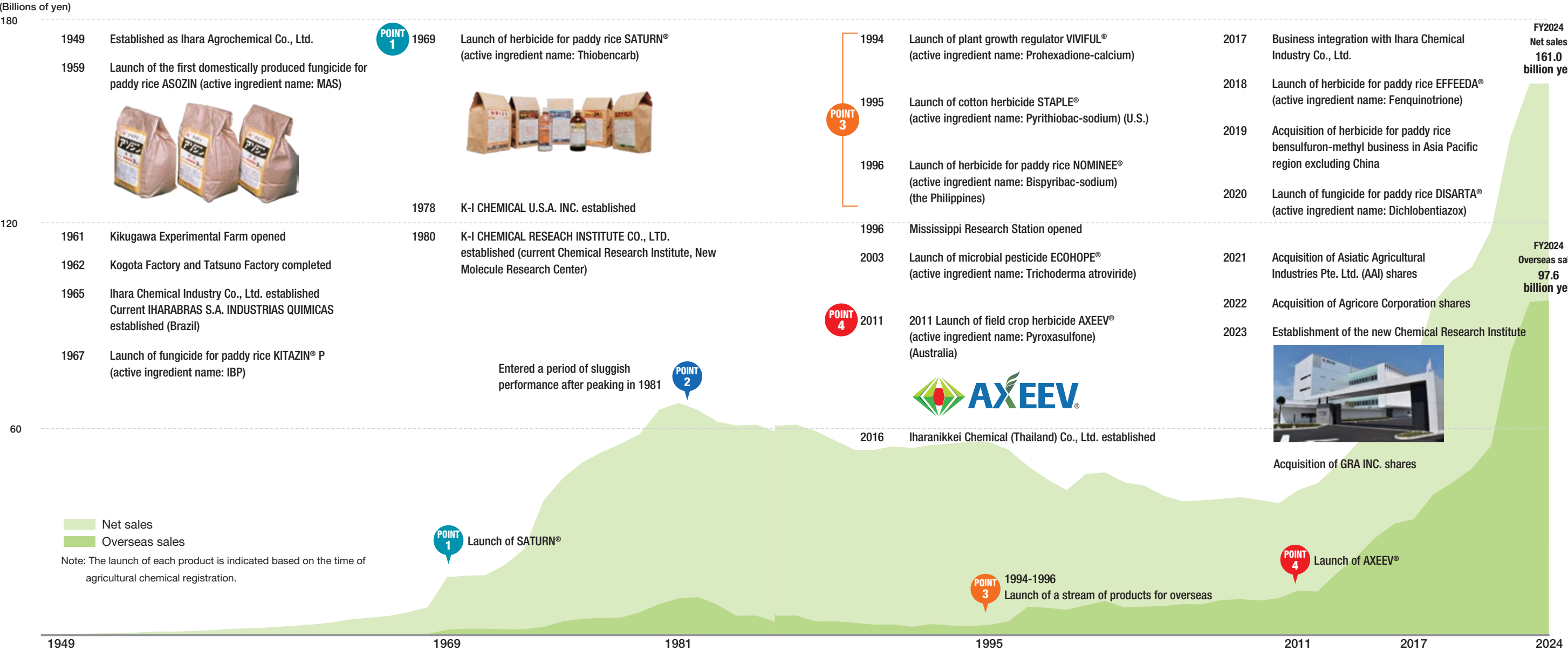
During the period of rapid economic growth in Japan, the agricultural workforce rapidly declined due to changes in the industrial structure, which increased the need for labor-saving in agriculture. We developed the herbicide SATURN®, which was used in 50.4% of the paddy fields in Japan in 1974, becoming the first major product to support the growth and foundation of us. However, owing to the policy of reducing the amount of land devoted to rice cultivation and the sharp appreciation of the yen, our performance remained sluggish after peaking in 1981.

Becoming a Global Research and Development Oriented Company (1990 to 2016)

While the agricultural chemicals market in Japan become sluggish, stable food supply became a serious issue as the global population exploded. Our early efforts in research and development of products for the global market bore fruit in the 1990s with significant sales growth in the U.S. and Southeast Asia. In 2011, the field crop herbicide AXEEV® was launched and continues to drive our growth.

Becoming a Cutting-Edge Chemical Manufacturer (2017 to Present)

We integrated business with Ihara Chemical Industry in 2017 in order to create new value. We have strengthened our organization for the agricultural chemicals business that manages everything from chemical discovery, manufacturing and sales together with the fine chemicals business. By utilizing technologies, we will continue to promote the development of products that meet new customer needs, and accelerate new initiatives for realizing a sustainable society.



Contributing to Sustainable Agriculture, Kumiai Proceeds to its Next Phase



Representative Director,
President

横山 優

On My Appointment as Representative Director, President

Starting as a Researcher Before Building My Career in Global Business

I assumed the position of Representative Director, President in November 2024. I have been involved in the food and agriculture sectors for many years, ever since majoring in agriculture at university. After joining Kumiai Chemical Industry in 1989, I was assigned to the Life Science Research Institute, where I began my career as a researcher of herbicides. In 1994, I was transferred to the Overseas Department (now the Overseas Sales Division), and I spent seven years working in Europe from 2002 to 2009. On my return to Japan, I worked in a variety of positions, including overseas sales and corporate planning & coordination, before assuming my current position. I spent a great many years working in overseas operations, 26 years in total. Today, overseas sales account for approximately 70% of our non-consolidated sales. My pride in having helped to build the foundations for the expansion of our business has become a major driving force in my new position at the helm of the company.

I worked on the formulation of the current Medium-Term Business Plan, which will end in FY2026, together with my predecessor, Mr. Takagi. While my fundamental approach is to carry on in the same direction, under the new leadership team, I have also outlined three new policies. They are “Change into a strong corporate structure,” “Enhancement of corporate value through promotion of sustainability management,” and “Pursuit of happiness for all stakeholders.”

Change into a Strong Corporate Structure that is Not Affected by Changes in the Business Environment

The first of these, “Change into a strong corporate structure,” refers to the strengthening of our management foundations. We have already built a firm business foundation that is not easily swayed by external pressures. On the other hand, I am always conscious of the notion that any company, by nature, could collapse at any time. Our business centers on agricultural chemicals, and if it were not able to continue, it would have a massive impact on agriculture and food supply in Japan and around the world. The foundation of sustainable

business activity is the generation of profit. Profit for a company means being able to employ staff and make contributions to society. In some ways, its presence is akin to what water means to human beings. Humans need to drink water to stay alive, but that does not mean that they live for the sake of drinking water. My aim is to change our corporate structure on both axes of social contribution and profit generation through business.

The specific areas in which we will concentrate our efforts are “Strengthening profitability through improving mindset and organizational reform,” “Creating new values through developing new products and technologies that anticipate customer’s needs and wants,” “Realizing the vision for the human capital strategy and developing human capital,” and “Promotion of digital transformation (DX) / implementation of digitalization.” For us to continue to grow, the creation of new value is essential; our lifeline is the development of products that do not yet exist in the world. The series of research and development (R&D) activities, from creating new compounds that will become active ingredients in agricultural chemicals to transforming those compounds into products, namely agricultural chemicals, through to activities for the spread and sales of those products after their registration as agricultural chemicals, are the source of value creation. For this reason, we will place efforts into related activities, namely, the development of innovative technologies, human capital development, and improvement of research and production efficiency through DX. That approach of predicting future customer needs and pressing forward with product development also applies to the Fine Chemicals Business. Considering the area of materials for semiconductors and other electronic applications for which growth in social demand is predicted as growth areas, we will continue proactively developing our business in that field. By focusing our efforts on strengthening profitability, creating new value, human capital development, and promotion of DX, we will build a corporate structure that will not be easily affected by changes in the business environment.

Promotion of Sustainability Management to Protect the Environment, Society, and Human Rights

In my second policy, “Enhancement of corporate value through the promotion of sustainability management,” we will aim to enhance our social value, including that of our group companies. In addition to the formulation of the Basic Policy on Sustainability in 2021, we established the Sustainability Promotion Committee, and we have strengthened our efforts toward, in the main, the realization of a carbon-free society and transition to a recycling-oriented economy.

In the area of decarbonization, we have declared targets of reducing GHG emissions by 30% compared to FY2019 levels by FY2030 and achieving carbon neutrality by FY2048. We have set this second target two years ahead of the Japanese government’s target of 2050 because 2048 is the 100th

anniversary of our foundation. In particular, at our factories and institutes that have high levels of CO₂ emissions, we are proceeding with the switch to CO₂-free electricity, derived from renewable energy, etc., and the switch from heavy oil to fuels with low GHG emissions. We are currently on track to achieve our numerical targets for FY2030.

At the same time, to address social issues, we have set KPIs for diversity and inclusion (D&I), work-life balance, and KENKO Investment for Health, and are progressing measures in line with the action plan.

Also, in the belief that respect for human rights is the foundation of sustainability management, we are promoting respect for human rights with the establishment of a Basic Policy on Human Rights and Guidelines for Human Rights Due Diligence. We continue to address human rights issues with initiatives such as conducting surveys of our suppliers based on the Guidelines.

Through such efforts, we hope to enhance corporate value by contributing to the environment and society.

* The term “KENKO Investment for Health” is a registered trademark of Nonprofit Organization Kenkokeiei.

Individual Aspiration Producing Results, Leading to the Happiness of Our Stakeholders

For the third policy, “Pursuit of happiness of all stakeholders,” the concept of “the Dreams and Triangle for Happiness” is the slogan of the current Medium-Term Business Plan that was set when the previous President, Mr. Takagi, assumed office. This concept has taken firm root among the officers and employees of Kumiai and our group companies. I would like to add another word, “aspiration,” to this concept. If each individual employee approaches their work with dreams, hope, and aspiration, great outcomes will result, and the company will grow stronger. This will benefit our employees, their families, our business partners, and our shareholders, and ultimately lead to the happiness of all stakeholders. I intend to share this philosophy across the entire group so that this kind of virtual cycle can be fostered.

Previous Fiscal Year’s Results and Focus Issues

Acknowledge the Major Fall in Profit and Respond to Changes in the Business Environment

Consolidated net sales in FY2024 amounted to 161.0 billion yen, an increase of 47 million yen from the previous fiscal year. This was our 14th consecutive year of increases in net sales. On the other hand, operating income, at 11.4 billion

yen, was significantly down from the previous fiscal year, which we admit is a harsh result. The impact of inventory reduction efforts in the global agricultural chemicals market and plummeting prices of competitors' products meant that our sales did not proceed according to plan. An additional macro-economic factor was the plateauing of trends that had previously provided a tailwind for our business, such as the depreciation of the yen and increases in the demand for and prices of agricultural products.

In terms of our business, changes in the business environment surrounding AXEEV® (active ingredient name: Pyroxasulfone), the core of our overseas business, were also a factor. AXEEV®, a field crop herbicide, is highly effective against weeds that are resistant to existing herbicides in the cultivation of crops such as soybeans, maize, wheat, and sugarcane. As such, sales of this product have grown steadily since it was first launched in 2011. It is registered as an agricultural chemical in 25 countries (as of March 31, 2025). The substance patent for AXEEV® expired in 2022. Since the expiration of the substance patent, which is our greatest defense, generic products and products that infringe our patents have flooded the market and started to spread at low prices. For this reason, we have had no choice but to adopt a price-based response to maintain our market for AXEEV®, and this is what ultimately led to the fall in profits.

Also Target AXEEV® Market Share Expansion Through Cost Reductions While Advancing Patent Infringement Countermeasures

To overcome these challenges, we are currently proceeding with legal responses based on the policy to take decisive action in the event of any infringement of our patent rights. Although the substance patent for AXEEV® has expired, our patents resulting from new pre-mixture development and patents for production methods and intermediates are still current.



Exercising our intellectual property rights across the entire manufacturing process will enable us to counter patent-infringing products.

Already, in Australia, we have taken legal action against a patent infringement by a distributor of a product containing pyroxasulfone, and this case was settled out of court in our favor. By continuing with such efforts, we expect to be able to recover sales of the original product, AXEEV®, in Australia.

However, given the ongoing need for price adjustments over the medium to long term, it is true that we may see a shift from the sharp growth of the past to a more moderate rate of growth. On the other hand, these price adjustments have also helped us to capture new users of AXEEV®. Instead of taking a pessimistic view, by seeing the situation as an opportunity and formulating proactive strategies, we hope to achieve a further spread of AXEEV®.

Roll Out EFFEEDA® Overseas in Earnest and Steadily Develop New Products in Japan

At the same time, we will also need to reinforce our product portfolio for the improvement of our business performance. We have other strong product ranges. In the area of paddy rice herbicides in Japan, one-shot herbicides, in which pre-mixtures of various compounds allows long-lasting control of a broad range of weeds, are important. We have maintained the top market share in the field of one-shot herbicides for four consecutive years. EFFEEDA® is performing strongly in this field. We believe that we can cultivate a new core business by expanding the EFFEEDA® that has penetrated the domestic market in Japan to overseas in earnest.

One market in which we can maximize the potential of EFFEEDA® is Europe, the world's leading wheat producing region. We are currently applying for its registration as an agricultural chemical in Europe with its business expansion as a field crop herbicide in mind. In the U.S., through a partnership with Valent, we have begun joint development of a paddy rice herbicide for the U.S. market.

In January 2025, REGARD was registered as a new paddy rice fungicide in Japan, and we plan to launch sales of this product in 2026. We are proceeding with the development of the proprietary miticide, VANENTA®, and preparations are underway for its market launch after registration. In our domestic business, methods other than in-house, proprietary development, will also be effective. This includes new products created by the introduction of products developed by other companies and pre-mixture created from combinations of existing products. Even as we proceed with diversified approaches, over the long term, we will take full advantage of our superior R&D capabilities in our aim to develop new compounds that will be a match for AXEEV®. In doing so, we hope to build up a powerful product lineup.

Make the Fine Chemicals Business Our Second Pillar Followed by Agricultural Chemicals

In the Fine Chemicals Business, the chlorination business struggled against competition with China, which had a significant impact on sales. The reason for this is that IP strategies are less applicable in the upstream area of fine chemicals, and unlike agricultural chemicals, this area is more heavily influenced by price competition, making it more vulnerable to the impact of a downturn in market conditions. On the other hand, bismaleimides (BMIs), which are resin raw materials, are performing well due to their use in the substrates of semiconductors, demand for which is growing. The Fine Chemicals Business as a whole recorded increases in sales and profit, and we expect that favorable wave to continue against the background of increased semiconductor demand.

These results are primarily from our group companies, but Kumiai itself will also strengthen its own Fine Chemicals Business. In the Chemical Research Institute, Shimizu Innovation Park (ShIP), which started operating in 2023, we have newly established a New Material Research Laboratory, where research into completely novel materials and the development of applications for existing products are underway. Researchers from group companies have also gathered in this new laboratory, where they are working to bring together knowledge and insights from a variety of fields. Armed with our advanced research capabilities, we will aim to grow the Fine Chemicals Business into a second pillar followed by the agricultural chemicals business.

Progress of the Medium-Term Business Plan

Seven Key Policies Being Promoted Under the Medium-Term Business Plan

FY2021–2023, the period of the previous Medium-Term Business Plan, was positioned as the Challenge for New Possibilities, and in those three years, we pursued the strengthening of our R&D capabilities, large-scale growth investments for the reduction of production costs, M&As in Japan and overseas aimed at business expansion, and initiatives related to sustainability management. Carrying on these efforts, we have set out seven key policies in the current Medium-Term Business Plan (FY2024–2026). They are “Contributing to sustainable agricultural industry / Providing a stable supply of high-quality products and services,” “Mitigation of climate change and environmental impact,” “Strengthening R&D capabilities,” “Expanding business domains and promoting new businesses,” “Human capital development / Human capital strategy based on the idea of human capital,” “Improvement of corporate governance,” and

“Promotion of digital transformation / Implementation of digitalization.” We are trialing new measures under each of these policies, and we are gradually starting to see results in some fields.

Contributing to Sustainable Agricultural Industry / Providing a Stable Supply of High-Quality Products and Services

The world's agricultural industry is facing a variety of challenges due to factors such as increased food demand caused by population growth and changes in diets, climate change, and geopolitical risks. As a company engaged in the agricultural chemical business, it is our responsibility to provide agricultural chemicals that are essential for raising harvest yields per unit area and producing safe and secure agricultural products. Initiatives such as the patent infringement countermeasures that I mentioned earlier, and the overseas roll-out of domestic products will, I believe, lead to stable food production and contribute to the realization of a sustainable society.

In Japan, in particular, the aging of the farming population and the shortage of workers are serious issues. Amid the decline in crop acreage, the number of agricultural production corporations is expected to increase in the future, and there is growing demand for more efficient farming operations on the ground. We are currently working to help reduce labor for growers by marketing MAMETSUBU®, its propriety formulations that contribute to smart agriculture, and realizing the application of agricultural chemicals by drones.

In such ways, we will leverage the power of our technologies and networks to support the construction of a sustainable agricultural industry.

Mitigation of Climate Change and Environmental Impact

The Ministry of Agriculture, Forestry and Fisheries has formulated the Strategy for Sustainable Food Systems, MIDORI, which advocates innovation that will enhance potential and ensure sustainability in a harmonious manner. Among the KPIs set in this strategy, one that is directly related to our business is the target for a 50% reduction in risk-weighted use of chemical pesticides by 2050. This may seem to have adverse implications for the agricultural chemical industry, but the development of agricultural chemicals that are more effective, safer, and have a lower environmental impact has been the R&D policy of us for the many long years since the company was founded. As there is no conflict between our policy directions and this government policy approach, I believe that it represents not a crisis, but a business opportunity.

For example, with paddy rice herbicides, whereas in the past, 3 kilograms of active ingredient had to be applied per hectare, today, some of our products now require as little as 30 grams applied per hectare. This reduction in required product quantity will also lead to the reduction of CO₂

emissions in the transportation process. Also, the need to address international safety evaluation standards in agricultural chemical registrations is growing every year. To that end, we have been working to strengthen our research environment, including building a safety evaluation research building for our Life Science Research Institute in 2021.

Further, we are also proceeding with the development of microbial pesticides and biostimulants, which have a smaller environmental impact, supplement chemical pesticides, and are able to address a variety of needs. Going forward, we will remain steadfast in our efforts to reduce environmental impact and ensure safety in such ways.

Strengthening R&D Capabilities

In the previous Medium-Term Business Plan, we worked on the establishment of the Chemical Research Institute (ShIP) that I mentioned earlier, and we strengthened our chemistry-related research functions by merging three centers, namely the New Molecule Research Center, Formulation Technology Research Center, and Process Chemistry Research Center, into one. On the other hand, in the R&D of new compounds, biology-related functions for evaluating their practical application are indispensable. In the current Medium-Term Business Plan, we are stepping up our investment in the Life Science Research Institute. As part of that initiative, a new research building is scheduled for completion in 2027. By lining up both domains of chemistry and biology, the creation of new agricultural chemicals is sure to accelerate.

In addition, as well as actively partnering with external research organizations, we are promoting initiatives for the establishment of proprietary chemical discovery methods using AI, as part of our efforts to develop basic technologies.

Expanding Business Domains and Promoting New Business

While the Agricultural Chemicals and Agriculture-Related Business and the Fine Chemicals Business are the main axes of our operations, we are also venturing into peripheral areas. The main starting point in this regard is M&A. Under the previous Medium-Term Business Plan, we made Singapore-based Asiatic Agricultural Industries (AAI) a consolidated subsidiary and acquired the shares of Agricore Corporation in Fukushima Prefecture and GRA INC. in Miyagi Prefecture. Currently, these companies are working hard to expand the Group's business domains. For example, AAI is working to expand sales channels into Asia and Africa, Agricore is growing wasabi using IT, and GRA is using smart agriculture for strawberry in house cultivation. Going forward, we hope to take on the challenge of creating synergy effects, including having them collaborate with us on the use of technology.

Human Capital Development / Human Capital Strategy Based on the Idea of Human Capital

For the sustainable development of Kumiai and our group, securing and developing human capital are essential. We are currently undertaking a drastic review of our personnel evaluation and remuneration systems with the aim of developing an environment that supports every effort and creating mechanisms that provide a sense of accomplishment in accordance with achievement. We plan to have these mechanisms up and running from FY2026. Behind these reforms is our rigid personnel system that has remained unchanged for some 30 years. While establishing mechanisms that will fully recognize employees who have produced results, we will introduce systems such as a multifaceted salary increase scheme and a region-limited employee program to ensure career diversity, in our efforts to increase employee and company engagement.

Improvement of Corporate Governance

Compliance and risk management have become more and more important in recent times. As well as establishing our Guidelines for Human Rights Due Diligence, we signed the United Nations Global Compact for building a sound global society in 2023, and is continuously strengthening efforts in the areas of human rights and labor.

For the promotion of diversity and inclusion, we also established a Diversity Promotion Working Group, inviting applications from employees nationwide. The members of the Working Group were tasked with gathering recommendations for the management team from the field, as well as summarizing the current challenges and clarifying our future vision, with the aim of being a company that anyone will find comfortable to work in. Initiatives undertaken in 2024 included diversity training for managers based on the contents of those recommendations, and we are currently strengthening our efforts in this regard.

Promotion of Digital Transformation / Implementation of Digitalization

For the promotion of digital transformation and implementation of digitalization, we established the Information Systems Management Department in May 2024. The promotion of DX is essential for the survival of business enterprises today, but any DX that is lacking in substance would be meaningless. To understand the fundamental substance of DX, we will select employees who are interested in the IT field from across Japan and conduct four months' basic training in the Information Systems Management Department. The objectives of the training will be to improve the IT skills of individuals, share head office's know-how with other sites, and

promote DX at the field level. If we promote bottom-up initiatives and roll out excellent insights and success stories, I believe that we will be able to achieve productivity improvements across entire group.

Message to Stakeholders

Accomplish Various Measures to Achieve Our Ultimate Goals as a 100-Year-Old Company

Through a series of initiatives, what our group first aims to accomplish is the achievement of the targets of 185.0 billion yen in net sales and 16.0 billion yen in operating income in FY2026, as declared in the current Medium-Term Business Plan, and to return those profits to our investors. At the same time, our group has set as its Ultimate Goals as a 100-year-old company, to become "a corporate group with flexibility and a strong presence that enriches the lives of people through its unique technologies, and that contributes to sustainable development of society in harmony with nature." The current Medium-Term Business Plan is a key step toward those goals. While keeping long-term growth firmly in view, we intend to steadily implement the measures necessary to achieve the plan.

In my leadership statement on my appointment as President, I made three requests of all officers and employees.

The first was that they maintain a healthy sense of crisis. AXEEV® has supported our company's growth, but that does not mean that we can continue to expect it to continue that upward growth trajectory. On the contrary, in anticipation of changes in the business environment, it is important that each of us engage in the business with all our might, while maintaining a healthy sense of crisis.

My second request was not to be afraid of change. Just like in the natural world, only those organizations that successfully adapt to change will survive. In business as well, we must not be afraid of change. Conversely, what we should be afraid of is not changing, of becoming unable to change. I told them that, instead of adhering to past experiences of success, they should actually doubt them and keep embracing new challenges boldly.

My third request was that they be insistent on results. If the quality, quantity, and direction of one's efforts are correct, results will definitely emerge. While I do understand the efforts and struggles in processes, I do not evaluate only those things. I urged everyone to engage in their work with the mindset of constantly and avidly pursuing outcomes, while also taking time to reflect on what "outcomes" truly means.



These three requests are based on my own personal values. As I stand at the company's helm, I personally intend to drive the company forward by putting this kind of attitude into practice while demonstrating leadership.

To Pass Kumai's Value Creation on to Future Generations

Centered on our core business of agricultural chemicals, our business of supporting the world's food can, I am certain, provide value to society in a sustained way. Given the long time required for R&D, including the synthesis and exploration of new compounds, the long-term support of our stakeholders is essential.

On the other hand, when we look at our financial situation, while return on equity (ROE) is at a high level, our price-to-earnings ratio (PER), which is an indication of expectations for future growth, tends to be low. As this appears to be an industry-wide trend, my analysis is that one reason for this is the negative image of agricultural chemicals.

To share with our wide-ranging stakeholders, including general consumers, the importance and vision for growth of our business, we need to spread awareness of the necessity and high degree of safety of agricultural chemicals. We have been engaging in awareness-raising efforts, including visiting schools to give classes, and in 2024, we launched a new food education program targeting high school students, titled "Let's Think about Food Production: What Would Happen if Agricultural Chemicals Disappeared from Our World?" This program involves discussions on the topic of agricultural chemicals, followed by production of a written report. The high school students who took part conducted their own research and interviews and submitted reports of an extremely high standard, based on accurate information. Communicating the importance of agricultural chemicals to the generation that will lead the future is crucial for sustainable food and agriculture. We will continue with initiatives designed to foster understanding of our business.

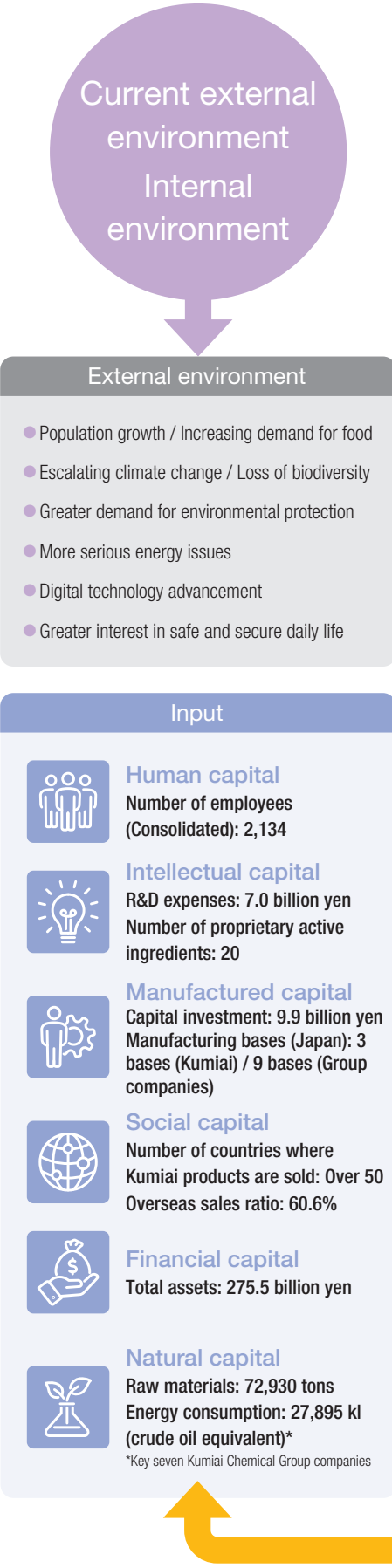
Dialogue with all our stakeholders, including growers, business partners, partner organizations, employees, investors, and local communities, is an indispensable process for the realization of a safe, secure, and abundant society. To live up to the trust and expectations of those stakeholders, we will dedicate all our efforts to the enhancement of corporate value.

Value Creation Process

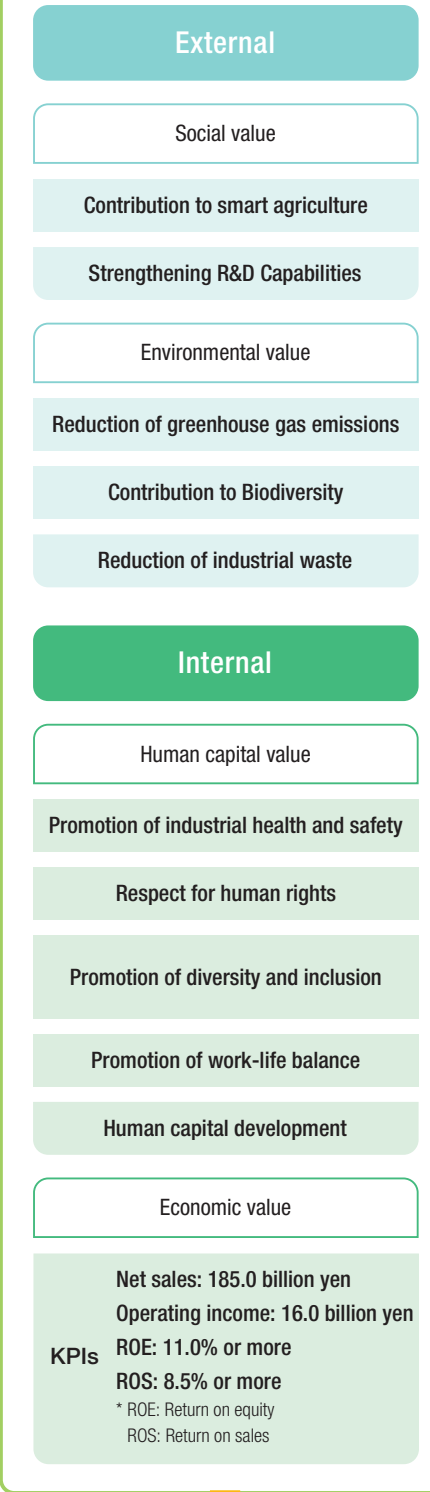
Corporate philosophy

It is our aim to use creative science to contribute to a safe, “Protecting and fostering life and nature.”

secure, and prosperous society in harmony with our overriding theme of



Internal and external impact through business activities (2026)



Ultimate Goals

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

Desired society we want to realize

Corporate philosophy
Management vision

Integrated manufacturing and sales strategy and business model capable of continuing to create new value through overwhelming innovation, anticipating market needs 10 to 20 years from now

Our group is focusing on research and development of safe and effective agricultural chemicals and promoting their wider use in order to contribute to development of agriculture and support stable production of safe and secure food worldwide. This is supported by the business model incorporating integrated manufacturing and sales that enables development of new chemicals, anticipating future market needs, and stable product supply. Based on a sure grasp of growers' requirements and their circumstances, we conduct R&D in anticipation of future markets and establish a stable production system through collaboration with factories from the development stage onward. Our partners in each country and our expert sales persons and engineers assigned across Japan promote the use of our products. Furthermore, information obtained in the field, such as new needs and changes in the agricultural environment, is fed back to R&D departments for the development of new agricultural chemicals. This business model, in which departments/divisions are organically linked, enables us to offer products that meet market needs.



Strengths in Research and Development

Investment in R&D (plan)

22.0 billion yen
(Total for FY2024–2026)

Probability of success in new agricultural chemical development

1/7,500

Strength 1 Vigorous Investment in R&D

As an R&D-oriented company, our group has continued to invest vigorously in R&D ever since its foundation. The accumulation of such investment has resulted in many products, supporting our group's current growth. Under the Medium-Term Business Plan launched in FY2024, we plan to invest approximately 22.0 billion yen in R&D in three years. We have been stepping up our efforts to further strengthen R&D capabilities.

Strength 2 Excellent Human Capital Creating Value

Our group's R&D is supported by human resources who possess a high level of expertise and are willing to take on new challenges. Whereas the probability of success in new agricultural chemical development is said to be typically 1 in 160,000, our group has been able to develop new agricultural chemicals at an extremely high probability of roughly 1 in 7,500. This is achieved by excellent human capital working in an open and comfortable working environment and in a corporate culture that values free and vigorous discussion. Even amid the ongoing innovation of R&D methods and techniques through the use of IT and AI, people with fresh concepts geared to value creation, who are capable of starting from scratch and able to think outside the box, are essential.



Strengths in Production / Procurement

From lab to factory

Supplier ratio Japan 23% Overseas 77%

Strength 1 Manufacturing Technology Established in Collaboration with R&D Departments

We have established the integrated system from R&D to production and sales, which is a characteristic of our group. By taking advantage of the system, our factories and research institutes study optimal industrial synthesis methods in a collaborative endeavor or from the early phase onward in the development of new agricultural chemicals. Specifically, we conduct tests at facilities that simulate actual production and examine industrial manufacturing methods. Such a collaboration between R&D and production leads to more efficient development of new agricultural chemicals and early establishment of a production system, enabling stable supply of high-quality products.

Strength 2 Global Supply Chain

Regarding procurement of raw materials, we have established a global supply chain including group companies in and outside Japan and our other overseas bases in order to reduce the impact of daily changes in market prices. In addition to securing alternative suppliers of raw materials, we are decentralizing production bases and strengthening our production system in readiness for global business development. Moreover, we are promoting CSR procurement in accordance with the Kumiai Chemical Group Basic Policy on CSR Procurement and CSR Procurement Guidelines.



Strengths in Marketing / Sales

Number of proprietary agricultural chemical active ingredients 20 Japan 11bases Overseas 13bases

Strength 1 Sales of Agricultural Chemical Active Ingredients and Products

Our group manages every phase from product development to manufacturing as well as sales within the group. This approach not only ensures profits but also enables prompt provision of products attuned to market needs. We pursue differentiation from competitors through sales of excellent products that offer unique performance, such as the field crop herbicide AXEEV® and MAMETSUBU® products, and enhance our competitiveness in the market. Furthermore, we can reflect the feedback received from customers in improvements to existing products and development of new products, leading to provision of products offering greater satisfaction.

Strength 2 Strong Sales System

In Japan, we are engaged in community-based sales and technical service through a sales system with expert sales persons and engineers assigned across Japan. We provide our proprietary agricultural chemical products through ZEN-NOH, which has strong relationships with growers.

Outside Japan, we have established a sales system in collaboration with group companies, affiliates and distributors that have strong sales networks in each market. Leveraging our globally competitive product capabilities and the sales network established in the course of many years of overseas business development, we supply our proprietary active ingredients around the world and are contributing to agriculture worldwide.

Initiatives to Improve the Value of Intangible Assets

Our group emphasizes investments in intangible assets to enhance its corporate value. In particular, we consider “human capital” related to all corporate activities and “intellectual property” that we, as an R&D-oriented enterprise, have accumulated as the fundamentals of value creation. We have worked out policies to maximize their value and is proactively promoting them.

Human capital

Considering “human capital” to be the important capital essential for sustainable growth of a company rather than viewing it as costs, our group is working to maximize its value.

Under the current Medium-Term Business Plan, our group has identified the human capital necessary for the implementation of plans. We have formulated a vision for the human capital strategy and an action plan based on the identified human capital and have been pursuing them. In order to realize sustainable growth, it is essential to foster an organizational climate in which diverse and motivated human capital can gather, develop, demonstrate their abilities, and work in a stress-free environment.

Our group is actively endeavoring to create a working environment where everyone is able to find satisfaction through work-life balance. We are promoting a “sense of existence,” “sense of accomplishment,” and “hope for the future” as we strive to improve the happiness of our employees by creating an environment that allows them to find fulfillment in their work.

Our group's slogan is “Dreams and Triangle for Happiness.” We aspire to create a stream in which each individual has dreams and then works to achieve them, and where satisfaction can be experienced through accomplishment, resulting in happiness. To create a system such that human capital can achieve growth through their work and work sustainably with a sense of accomplishment and job satisfaction, we have formulated the vision for the human capital strategy whose essence is expressed by the slogan “Dreams and Triangle for Happiness” and have been promoting it.

Intellectual property

As an R&D-oriented company, we place a high priority on research results. Viewing intellectual property such as patents and know-how as the fundamentals of value creation, we will do our utmost to protect them.

We consider intellectual property such as patents, know-how, trademarks (brands), and designs as the most important intangible assets, and strategically acquire and manage these intellectual properties to maximize our business and ensure sustainable profitability. At the same time, we strive to minimize the risk of intellectual property disputes by respecting the intellectual property rights held by other companies and taking appropriate measures.

In order to promote such intellectual property activities, it is important to strengthen the intellectual property infrastructure of the entire company. We have assigned staff in charge of intellectual property to its Chemical Research Institute and Life Science Research Institute, which are at the forefront of research & development, not only to support invention discovery but also to improve the intellectual property mindset of its researchers.

Initiatives and KPIs for Materiality

Our group established the management vision and the Ultimate Goals as a 100-year-old company based on its corporate philosophy. Our group identifies materiality and sets KPIs to achieve the vision and the Ultimate Goals. We are promoting initiatives while confirming results of KPIs as indicators of progress of sustainability management.

To identify materiality, we first identified keywords related to social issues and social changes. The keywords were sorted into “Resolving social issues through our core business,” “Environmental,” “Social,” or “Governance” to extract proposed materiality items. After evaluating the proposed materiality items based on “Importance to our group” and “Importance to stakeholders,” we gathered the opinions of the management, outside experts, and younger and mid-career employees, revised and added proposed materiality items, and formulated a materiality matrix. The management again held discussions based on the materiality matrix to identify materiality items, and they were resolved at a Board of Directors meeting.

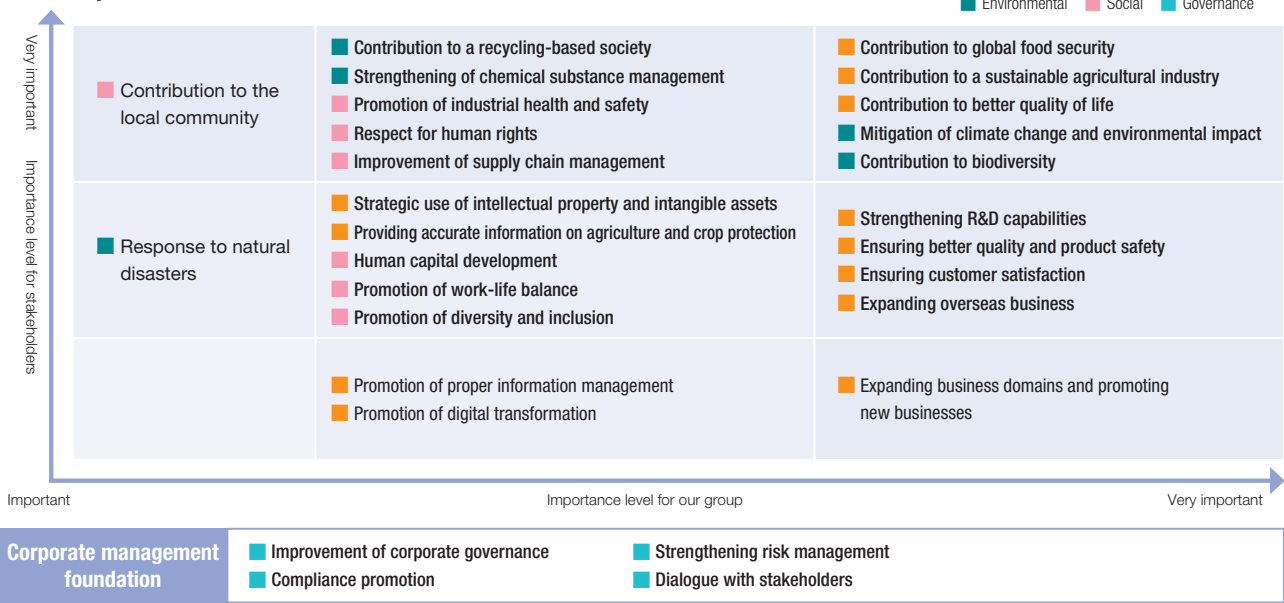
For details of the process for identifying materiality, please see the company's official website:
<https://www.kumiai-chem.co.jp/english/sustainability/management/materiality/>























Ultimate Goals

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

Materiality Issues to be addressed to achieve the Ultimate Goals



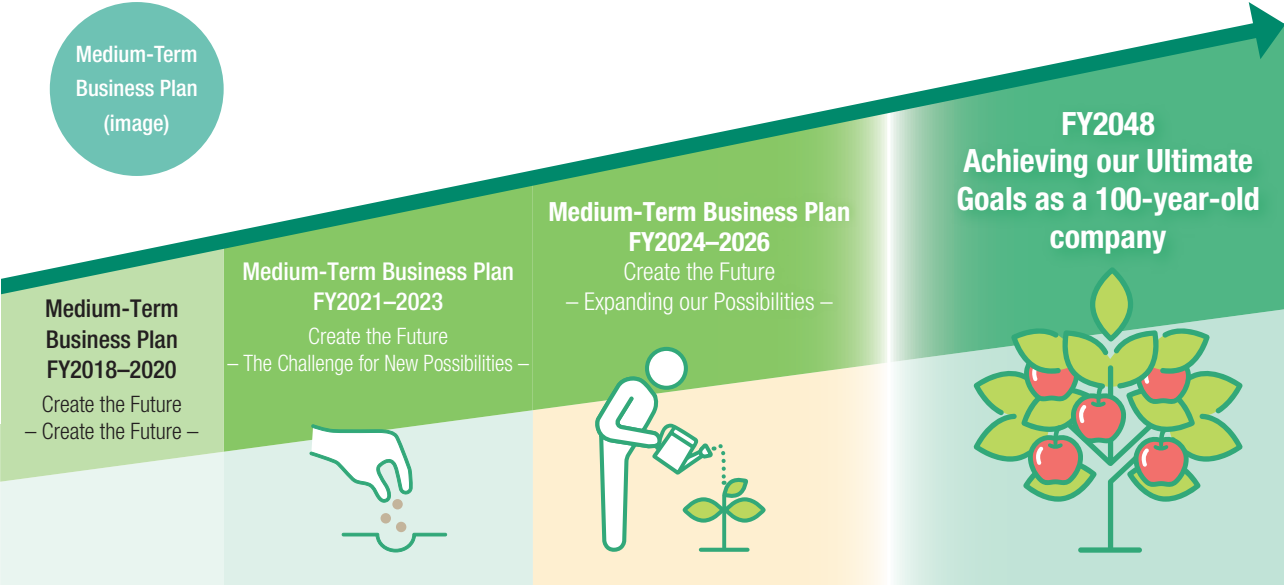
	Materiality	Initiatives	FY2024 results	FY2026 targets	FY2030 targets	Related SDGs	Related pages
Resolving social issues through our core business	Contribution to a sustainable agricultural industry	● Contribution to smart agriculture through products that help reduce energy and labor	● Products that contribute to smart agriculture: Greater lineup of MAMETSUBU® products ● Number of new products launched: 1 MAMETSUBU® product ● Agricultural land area where MAMETSUBU® was used: 114,000 ha, 8.5% of land used for paddy rice cultivation in Japan	● Products that contribute to smart agriculture: Greater lineup of MAMETSUBU® products ● Number of new products launched: 5 MAMETSUBU® products (Total from FY2022) ● Agricultural land area where MAMETSUBU® is used: 1% increase in land used for paddy rice cultivation in Japan (Compared to FY2022)	● Products that contribute to smart agriculture: Greater lineup of MAMETSUBU® products ● Number of new products launched: 2 MAMETSUBU® products (Total from FY2027) ● Agricultural land area where MAMETSUBU® is used: 2% increase in land used for paddy rice cultivation in Japan (Compared to FY2022)	 	 
	Strengthening R&D Capabilities	● Strengthening R&D Capabilities	● Number of patent applications: 83	● Number of patent applications: 100	● Number of patent applications: 120		
Environmental	Mitigation of Climate Change and Environmental Impact	● Reducing greenhouse gas emissions for the whole group	● Greenhouse gas emissions from seven group companies (Scope 1+2): 52,071 t-CO ₂ (22% reduction compared to FY2019)	● Greenhouse gas emissions from seven group companies (Scope 1+2): 30% reduction by FY2030 compared to FY2019	● Greenhouse gas emissions from seven group companies (Scope 1+2): 30% reduction by FY2030 compared to FY2019	   	
	Contribution to biodiversity	● Contributing to biodiversity through forest conservation ● Contribution to biodiversity	● Forest maintenance in Fukushima Town, Hokkaido	● Support for forest tree-fostering activities in Fukushima Town, Hokkaido: Once a year ● Creation and maintenance of biotope	● Forest infrastructure development in Fukushima Town, Hokkaido ● Creation and maintenance of biotope		
	Contribution to a recycling-based society	● Reduction of industrial waste	● Total amount of industrial waste generated: 5.3 thousand tons ● Amount of landfill waste: 0.08 thousand tons (Landfill rate: 1.6%) ● Amount of waste recycled: 1.4 thousand tons (Recycling rate: 26.2%)	● Waste reduction ● Promotion of zero waste emissions: Landfill disposal rate of 1% or less	● Waste reduction ● Promotion of zero waste emissions: Landfill disposal rate of 1% or less	 	
Social	Promotion of industrial health and safety	● Preventing occupational accidents	● Number of accidents with lost time: 8	● Number of accidents with lost time: 0	● Number of accidents with lost time: 0		
	Respect for human rights	● Greater awareness of human rights	● Basic human rights training: Twice for all employees (99.7% coverage)	● Implementation status of human rights education and training • Employee coverage rate: 100% • At least once a year for each employee	● Implementation status of human rights education and training • Employee coverage rate: 100% • At least once a year for each employee		
		● Eliminating all forms of harassment	● Harassment training: Once for all employees (95.2% coverage)	● Implementation status of harassment training • Employee coverage rate: 100% • At least once a year for each employee	● Implementation status of harassment training • Employee coverage rate: 100% • At least once a year for each employee		
	Human capital development	● Implementing education for the continuous growth of all employees	● Training time per employee: 41.7 hours/year	● Training time per employee: 25 hours/year	● Training time per employee: 25 hours/year	   	
	Promotion of work-life balance	● Creating a comfortable working environment	● Average rate of employees taking annual paid leave: 69.2%	● Average rate of employees taking annual paid leave: 70%	● Average rate of employees taking annual paid leave: 80%		
		● Achieve KENKO Investment for Health	● Certified Outstanding Organizations of KENKO Investment for Health: Not yet certified	● Certified KENKO Investment for Health Outstanding Organization: Gain certification	● Certified KENKO Investment for Health Outstanding Organization: Maintain certification		
	Promotion of diversity and inclusion	● Promotion of active participation of women	● Percentage of female managers: 2.2% (3 out of 134)	● Percentage of female managers: 4.9%	● Percentage of female managers: 8.2%		
		● Promotion of support for next-generation development	● Percentage of male employees who take childcare leave: 63.6% (Employees who took childcare leave: 14 / Eligible employees: 22)	● Rate of male employees who take childcare leave: 100%	● Rate of male employees who take childcare leave: 100%		

Medium-Term Business Plan (FY2024–2026)

KUMI STORY 2026

Our group has formulated the Medium-Term Business Plan (KUMI STORY 2026) covering three years starting with the fiscal year ended October 31, 2024. Whereas the period covered by the previous Medium-Term Business Plan was positioned as a “sowing period for expanding our business domains and research areas,” the period covered by the current Medium-Term Business Plan is positioned as a period for germinating the seeds of technology and business sown and strengthening and expanding the foundation to advance them to the future growth stage.

Ultimate Goals as a 100-Year-Old Company and Positioning of the Medium-Term Business Plan



Overview

Basic Policy

The basic management policy is to “build a management foundation that can respond to changes in the business environment by developing innovative technologies and exploring new business domains, and to be a corporate group capable of contributing to realization of a sustainable society by providing products and services that enrich the lives of people.” We aim to achieve the goals of the Medium-Term Business Plan by steadily implementing key policies and measures in accordance with the basic management policy.

Capital Policy

In order to achieve sustainable enhancement of corporate value, we must continue investing in business growth. Our group's capital allocation, which indicates the breakdown of the use of financial resources, is disclosed in the Medium-Term Business Plan for the first time. We will appropriately allocate funds totaling 90.0 billion yen to dividend payment, repayment of borrowings, and growth investment to further enhance corporate value.

Numerical Targets

The numerical targets for the final year of the Medium-Term Business Plan are net sales of 185.0 billion yen, operating income of 16.0 billion yen, and net income of 15.0 billion yen. We target return on equity (ROE) of 11.0% or more and return on sales (ROS) of 8.5% or more to further strengthen profitability. Regarding the dividend policy, the target is to maintain a dividend payout ratio of 30% or more.

	FY2023 results	FY2026 targets
Net sales	161.0 billion yen	185.0 billion yen
Operating income	14.1 billion yen	16.0 billion yen
Net income	18.0 billion yen	15.0 billion yen
ROE	14.5%	11.0% or more
Return on sales (ROS)	8.8%	8.5% or more <small>Note: medium- to long-term target: 10% or more</small>

	FY2021–2023 results	FY2024–2026 targets
Capital investment	24.3 billion yen	27.6 billion yen
R&D expenses	16.3 billion yen	22.0 billion yen

FY2024–2026 targets		
Dividend policy	Dividend payout ratio: 30% or more	The basic policy is to continue to pay stable dividends based on a comprehensive assessment of shareholder returns, taking into account earnings trends, and internal reserves to strengthen the corporate structure and prepare for future business development.

Review

In FY2024, the first year of the Medium-Term Business Plan “KUMI STORY 2026,” we recorded consolidated net sales of 161.0 billion yen and operating income of 11.4 billion yen, both of which fell short of the initial plan. The main reason was that shipments of the field crop herbicide AXEEV® did not proceed according to plan, due to the impact of global inventory adjustments of agricultural chemicals.

The results forecast for FY2025 has declined from when the Medium-Term Business Plan was formulated to net sales of 159.3 billion yen and operating income of 10.4 billion yen. This is because changes in the environment surrounding AXEEV®, our mainstay product, have been greater than was envisaged when the plan was first formulated, resulting in delays in progress. Specifically, this includes an increase in our inventories due to prolonged inventory adjustments in the global

agricultural chemicals market, drastic price cuts made by competitors and distributors overseas to reduce their own inventories, and pressure to cut prices in anticipation of generic products entering the market. While such phenomena pose challenges to achieving the Medium-Term Business Plan, we believe that it will be possible to expand sales of AXEEV® through optimal marketing strategies for each market, a shift to higher-value-added products by developing new pre-mixtures, and intellectual property strategies. We will aim to achieve the Medium-Term Business Plan target of 185.0 billion yen in net sales and 16.0 billion yen in operating income for FY2026 through steady growth in the Fine Chemicals Business, which is positioned as our second pillar, in addition to our mainstay products after AXEEV®, such as EFFEEDA® and DISARTA®.

TOPICS Response to the Expiration of the Substance Patent for AXEEV®

Since its launch in 2011, AXEEV® has driven our group's growth as a special product for controlling weeds that are resistant to existing herbicides. On the other hand, due to the expiration of the substance patent in 2022, sales of AXEEV® are transitioning from the growth stage to the mature stage. In response, in order to maintain and expand sales of AXEEV®, we will strengthen measures such as sales promotion support, implementation of an appropriate pricing strategy, and promotion of development of pre-mixtures. We will also strengthen competitiveness by further reducing production costs through optimization of the supply chain in Japan and overseas. Further, we will implement an intellectual property strategy utilizing multiple patents owned by us, such as those for pre-mixtures and manufacturing methods. We will take decisive action in the event of any infringement of our intellectual property. Since FY2024, we have taken legal action against several companies and, among 11 patent enforcement proceedings, as of March 2025, we have secured two settlements in our favor, with the remaining cases still pending. We believe that these responses are effective in discouraging illegal market entries and that they will have a strong impact on the AXEEV® business in the future.

Materiality and Seven Key Policies of the Medium-Term Business Plan

Our group has set “a corporate group with flexibility and a strong presence that enriches the lives of people through its unique technologies, and that contributes to sustainable development of society in harmony with nature” as our Ultimate Goals as a 100-year-old company, and we have identified 28 items of materiality (material issues) as initiatives that need to be taken to achieve them.

We extracted seven of those items of materiality that we should particularly focus on over the next three years and set them as the key policies of the current Medium-Term Business Plan.

What should be done regarding materiality

Seven key policies of the Medium-Term Business Plan (FY2024–2026)

Priority issues to be addressed in the next three years

1. Contributing to sustainable agricultural industry / Providing a stable supply of high-quality products and services

2. Mitigation of climate change and environmental impact

3. Strengthening R&D capabilities

4. Expanding business domains and promoting new business

5. Human capital development / Human capital strategy based on the idea of human capital

6. Improvement of corporate governance

7. Promotion of digital transformation / Implementation of digitalization

Contributing to Sustainable Agricultural Industry / Providing a Stable Supply of High-Quality Products and Services

In order to maximize the business for AXEEV®, which has been the driver of our group, we will implement countermeasures for generic products and promote sales of AXEEV® in regions with potential for sales expansion. Moreover, we aim to further expand sales of our proprietary products, EFFEEDA® and DISARTA®. We will also work to expand the land area where MAMETSUBU® products, which are labor-saving formulations, are applied to help save farm labor and reduce the environmental impact. In the Fine Chemicals Business, in addition to expanding our existing businesses, we are taking on new challenges in the development of fine chemicals and custom manufacturing in cutting-edge fields.

Sales of AXEEV®
(FY2026 target)

84.2 billion yen

Agricultural land area where MAMETSUBU® is used
(FY2026 target)

1% increase in land for paddy rice cultivation
(Compared to FY2022)



Examples of Initiatives

In order to maximize sales of AXEEV®, we are strengthening measures such as sales promotion support, implementation of an appropriate pricing strategy, and promotion of development of pre-mixtures. We are also working to further expand sales of one-shot herbicides for paddy rice, focusing on pre-mixtures of EFFEEDA®, which have held the top share of the market for four consecutive years. In the Fine Chemicals Business, we are focusing our efforts on the field of semiconductors, which is experiencing robust demand. A new plant being built by K-I CHEMICAL INDUSTRY to boost production capacity is scheduled for completion in FY2025.



Mitigation of Climate Change and Environmental Impact

Considering the nature of our group's business, we recognize that mitigation of climate change and environmental impact, as well as conservation of biodiversity, are highly relevant and important management issues. To address mitigation of climate change and environmental impact, we have established KPIs for greenhouse gas (GHG) emissions reduction and waste reduction and are working to achieve them. Moreover, leveraging our group's technologies and knowledge, we will contribute to protection of the global environment, including through the conservation of biodiversity and by contributing to realization of a recycling-based society.

GHG emissions reduction
(FY2030 target)


30% reduction compared to FY2019

Materiality KPI

Zero waste emissions
(FY2026 target)


Landfill disposal rate of 1% or less

Materiality KPI



Examples of Initiatives

With a target of reducing GHG emissions by 30% compared to FY2019 by FY2030, we have introduced CO₂-free electricity at our factories, and the achievement of this target is in sight. We are also implementing initiatives together with other organizations, such as launching support for the generation of carbon credits by prolonging mid-season drainage periods of rice paddies, to achieve carbon neutrality in FY2048, when we will mark the 100th anniversary of the company's founding.



Strengthening R&D Capabilities


To further accelerate initiatives to develop new agricultural chemicals, we will promote establishment of screening and efficient chemical discovery, formulation, and biological evaluation methods using IT and AI technologies. We are also promoting development of materials and technologies that meet new social needs, such as microbial pesticides and biostimulants, and development of GHG gas control technologies and new materials, to create new value.

Development of new agricultural chemicals
(new active ingredients)

1 active ingredient in 3 years


Number of patent applications:
(FY2026 target)

100



Examples of Initiatives

In October 2023, the Chemical Research Institute (ShIP) began operation as an infrastructure development for research activities. The infrastructure development plan of the Life Science Research Institute, which promotes R&D in tandem with ShIP, is also currently underway. A new research building, which is the central feature of that development plan, is scheduled to be completed in 2027 and will be used to further strengthen our R&D capabilities.





Expanding Business Domains and Promoting New Business

Centering on agriculture, agricultural chemicals, and fine chemicals, we will vigorously consider M&A for the expansion of business in peripheral areas. Moreover, through collaboration by leveraging overseas sales channels and manufacturing technology of AAI, which became a subsidiary during the period covered by the previous Medium-Term Business Plan, Agricare's and GRA's technologies for smart agriculture, and the knowledge and know-how cultivated by our group, we will maximize various synergies and strengthen the profitability of our businesses.



Examples of Initiatives

We are proceeding with the establishment of a new business scheme that leverages the sales channels of AAI, a Singapore-based company, in the Asia and Africa regions. To accelerate initiatives in smart agriculture, we are promoting cooperation with agriculture-related manufacturers in different industries, such as agricultural machinery, facilities and equipment, and drones. We will strive to expand our business domains by strengthening not only Kumiai itself but also our cooperation with affiliates and companies in peripheral areas.



Human Capital Development / Human Capital Strategy Based on the Idea of Human Capital

Our group considers human capital to be the critically important factor and essential for sustainable growth of the company. Under the Medium-Term Business Plan, we have established a vision for the human capital strategy in line with the slogans "Dreams and Triangle for Happiness". We have also formulated an action plan and set KPIs for each item, such as diversity and inclusion, work-life balance, and the personnel system to promote initiatives for realizing the vision.

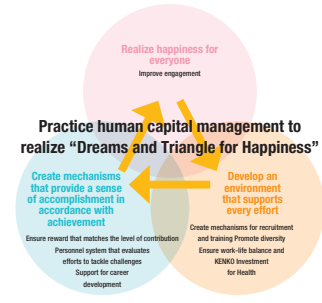
Certified KENKO Investment for Health Outstanding Organization (FY2026 target)
Gain certification Materiality KPI

Rate of male employees who take childcare leave (FY2026 target)
100% Materiality KPI

Training time per employee (FY2026 target)
25 hours per year Materiality KPI

Examples of Initiatives

Aiming to develop an environment that supports every effort and to create mechanisms that provide a sense of accomplishment in accordance with achievement, we are working on drastic reforms of our personnel evaluation and remuneration systems. In FY2024, we undertook the basic design of the new system and the design of details concerning grades and remuneration. Going forward, we will undertake the detailed design of the evaluation system, and we plan to begin operating the new system in FY2026.



Improvement of Corporate Governance

We will continue our initiatives to strengthen corporate governance by developing and establishing systems in accordance with the Basic Policy on Compliance and the Basic Policy on Risk Management. Further, we have established Guidelines for Human Rights Due Diligence, and, based on those guidelines, we will promote initiatives related to respect for human rights through human rights due diligence and participation in the United Nations Global Compact.

Establishment of the risk management system



Examples of Initiatives

We have also promoted initiatives related to respect for human rights through human rights due diligence and participation in the United Nations Global Compact. For the promotion of diversity and inclusion, we established a working group, which is summarizing the current issues and future vision.



Promotion of Digital Transformation / Implementation of Digitalization

By promoting digitalization, we will enhance operational efficiency and productivity in response to dynamic changes in the business environment. In addition to the introduction of a new human resources and payroll system, we will promote the use of generative AI, establish new chemical discovery methods using AI and other digital technologies, digitalize chemical substance management, etc., and automate factory facilities.

Implementation of digitalization

Investigation of chemical discovery methods using AI, etc.



Examples of Initiatives

In FY2024, we merged with our consolidated subsidiary, K-I INFORMATION SYSTEM CO., LTD., and established the Information Systems Management Department, thus preparing the foundations for company-wide DX promotion. In R&D, we are working to establish proprietary AI-based methods for chemical discovery. We are also promoting automation at production sites and company-wide digitalization.





Strive for the Optimal Balance of Improvement of Financial Soundness with Proactive Growth Investments and Shareholder Returns

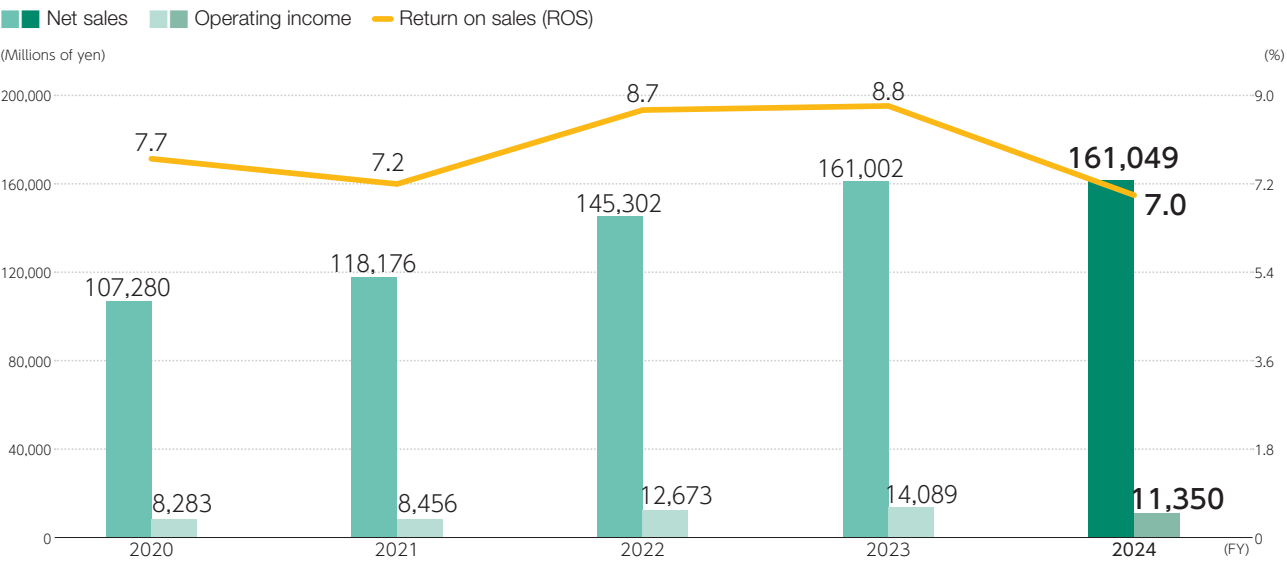
Director, Managing Executive Officer,
Head of Corporate Planning & Coordination Division
YAMAJI Yoshihiro

Review of First Year of Medium-Term Business Plan (FY2024)

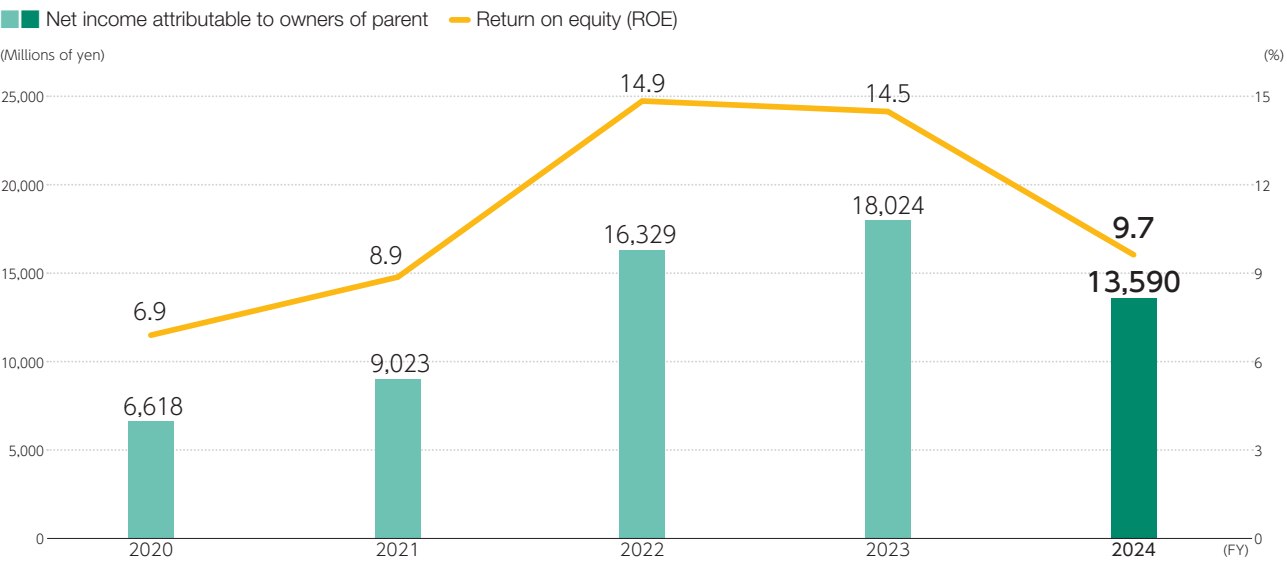
In our results for FY2024, the first year of the Medium-Term Business Plan, regarding the Agricultural Chemicals and Agriculture-Related Business, although sales of the herbicide, EFFEEDA®, and fungicide, DISARTA® were favorable, our core product, the herbicide AXEEV®, recorded a decline in sales for the first time since it was launched in 2011, resulting in falls in sales and profit compared with the previous fiscal year. In results by country for AXEEV®, shipments to Argentina increased year on year thanks to the easing of import restrictions caused by insufficient foreign currency, and shipments to Brazil were also up. However, in other key regions, including the U.S. and Australia, shipments fell due to the impact of worldwide inventory adjustments of agricultural chemicals, resulting in a year-on-year fall in results. Meanwhile, in the Fine Chemicals Business, due to the recovery of semiconductor

demand, shipments of bismaleimides increased significantly, contributing to increases in sales and profit. Net sales overall in FY2024 increased slightly year on year, but operating income was down, due mainly to increases in depreciation and amortization resulting from proactive capital investment. In addition, return on equity (ROE) and return on sales (ROS), which are both important management indicators in the Medium-Term Business Plan alongside net sales and operating income, were only 9.7% and 7.0% respectively, compared to their targets of 11.0% or more and 8.5% or more. As mentioned above, in addition to declines in shipment volumes of AXEEV® to key markets, heightened downward pressure on prices caused by the entry of generic products of AXEEV® and lower prices of competing products in some regions was another factor in the decline in profitability.

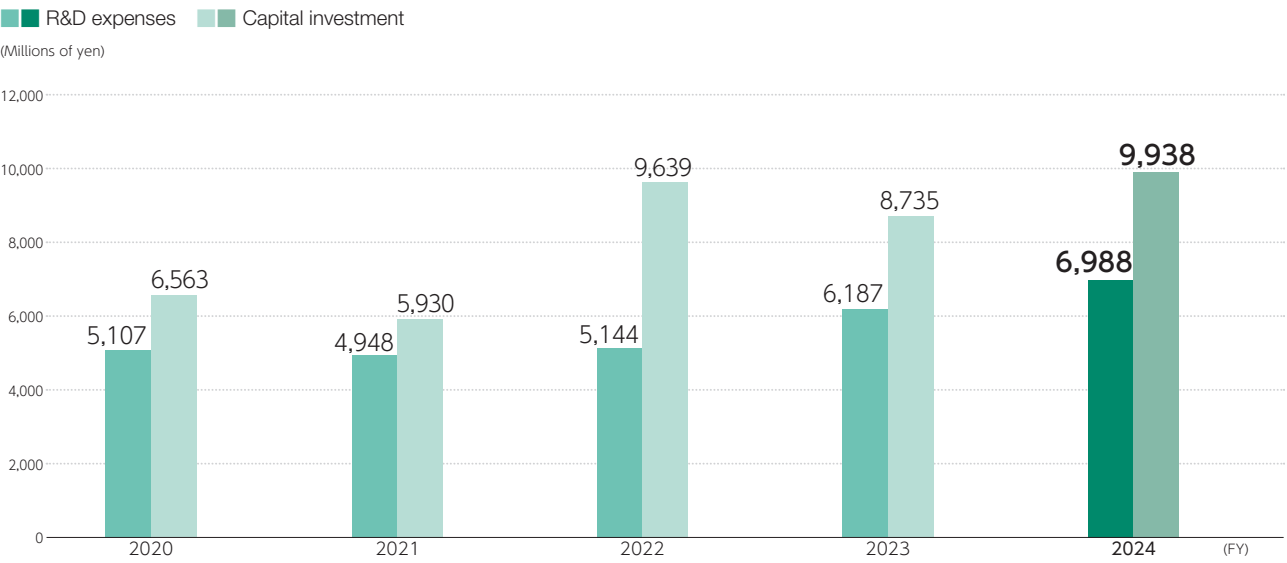
Net Sales / Operating Income / Return on Sales (ROS)



Net Income Attributable to Owners of Parent / ROE



R&D Expenses / Capital Investment



Progress in Capital Allocation

Capital allocation, which indicates the breakdown of the use of financial resources, has been set and announced in the Medium-Term Business Plan. The source of funds, approximately 90.0 billion yen over the three-year period from FY2024 to FY2026, will consist of approx. 60.0 billion yen in operating cash flow and approx. 30.0 billion yen in borrowings from financial institutions. Of these funds, we will allocate approx. 12.0 billion yen to dividend payments, approx. 15.0 billion yen to repayments of borrowings, and approx. 63.0 billion yen to growth investments. The growth investments are for realizing the future growth of our group, and are planned to be composed of approx. 28.0 billion yen for capital investments, approx. 22.0 billion yen for R&D expenses, and approx. 13.0 billion yen for strategic investments, such as M&A.

In FY2024, the first year of the Medium-Term Business Plan, as growth investments, we made 9.9 billion yen in capital investments and 7.0 billion yen in R&D investments, achieving progress generally in line with the plan. In terms of capital investments, we actively invested in facilities for the reduction of production costs and the enhancement of production capacity. These included a liquid formulation plant at the Kogota Factory and a hydrochloric acid heat recovery facility at IHARANIKKEI CHEMICAL INDUSTRY. Regarding production facilities, our ongoing aim is to enhance cost competitiveness and improve productivity, as well as to reduce greenhouse gas (GHG) emissions by adopting environmentally-friendly specifications. Also, in the Agricultural Chemicals Business, which is our core business, developing a new compound that will be a

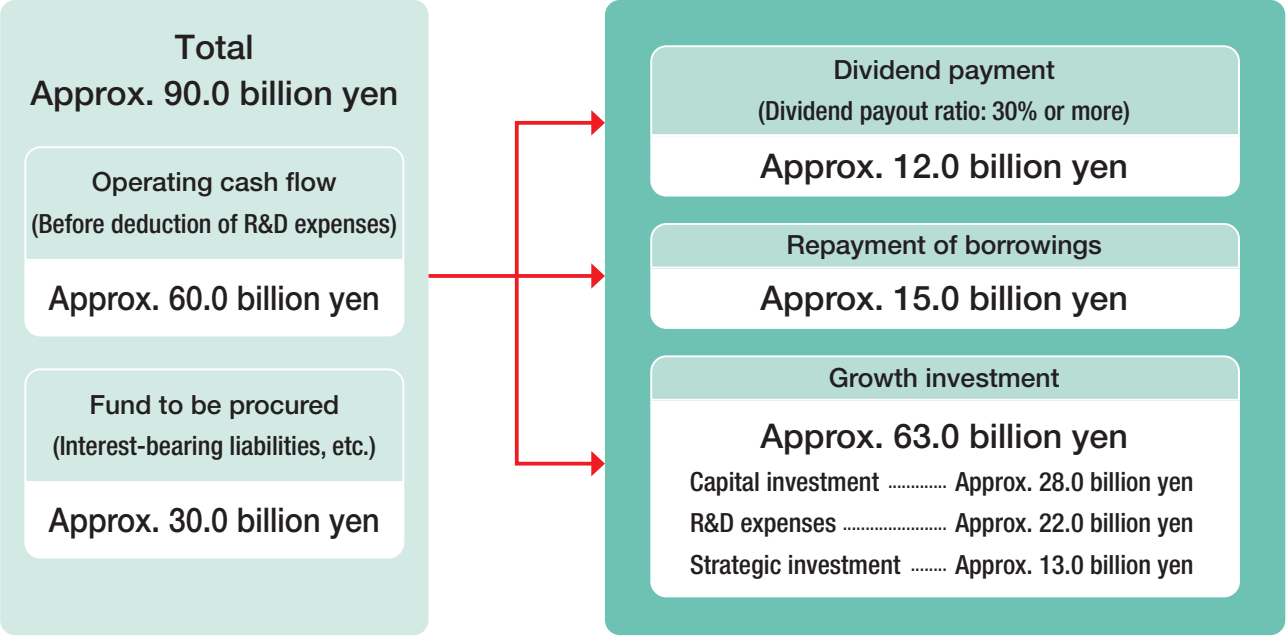
new active ingredient for agricultural chemicals generally requires a significant period of time, more than 10 years, and huge investments of over 30.0 billion yen. In FY2024, we promoted effective and efficient R&D investment corresponding to development plans for new agricultural chemicals and fine chemicals in the new product pipeline, for the development of new products that will support our business 10 to 20 years from now. In addition, we are pursuing the development of EFFEEDA®, which, at present, is primarily sold as a herbicide for paddy rice, as a herbicide for paddy rice and wheat production in Europe. We will actively invest in the roll-out of this product into other regions, including the U.S., and the expansion of its applicable crops, with the intention of growing it into a product that, following AXEEV®, will support our future profits.

Regarding dividend payments, based on the policy of the stable achievement of a dividend payout ratio of 30% or more set in the Medium-Term Business Plan, we paid an annual dividend of 34 yen per share (dividend payout ratio: 30.1%, total dividend payments: 4.1 billion yen). In terms of our vision

for dividends, we will further strengthen our initiatives to raise profit levels and, after comprehensive consideration of the allocation of management resources that is best for the company, we intend to turn them into returns to our shareholders and the enhancement of corporate value.

Meanwhile, capital investments and R&D investments for the future (total of 17.0 billion yen) are proceeding according to plan. Although inventories increased temporarily due to factors such as worldwide inventory adjustments of agricultural chemicals, the entry of generic versions of AXEEV® into the Australian market, and the impact of lower prices of competing products, investments for the future during this period have primarily been covered by short-term borrowings from financial institutions. In response to the issues mentioned above, while responding resolutely to products that infringe our AXEEV® patents and doing our utmost to implement effective measures against generic products, we intend to maintain and increase the share of AXEEV® in an expanding market and work forcefully on reducing inventories. (Please refer to page 24, TOPICS: “Response to the Expiration of the Substance Patent for AXEEV®.”)

Capital Allocation Assumptions under the Medium-Term Business Plan (FY2024–2026)



Toward the Improvement of Financial Soundness

Although equity ratio, at 53.0% (down 5.6% year on year) and D/E ratio, at 0.51 (up 0.16 year on year), were at reasonably safe levels in FY2024, interest-bearing liabilities are on the rise as inventories increase due to global inventory adjustments of agricultural chemicals and the entry of generic products of AXEEV® as mentioned above. In addition to maintaining and increasing the share of AXEEV® in an expanding market, we will conduct sales promotions based on our strong

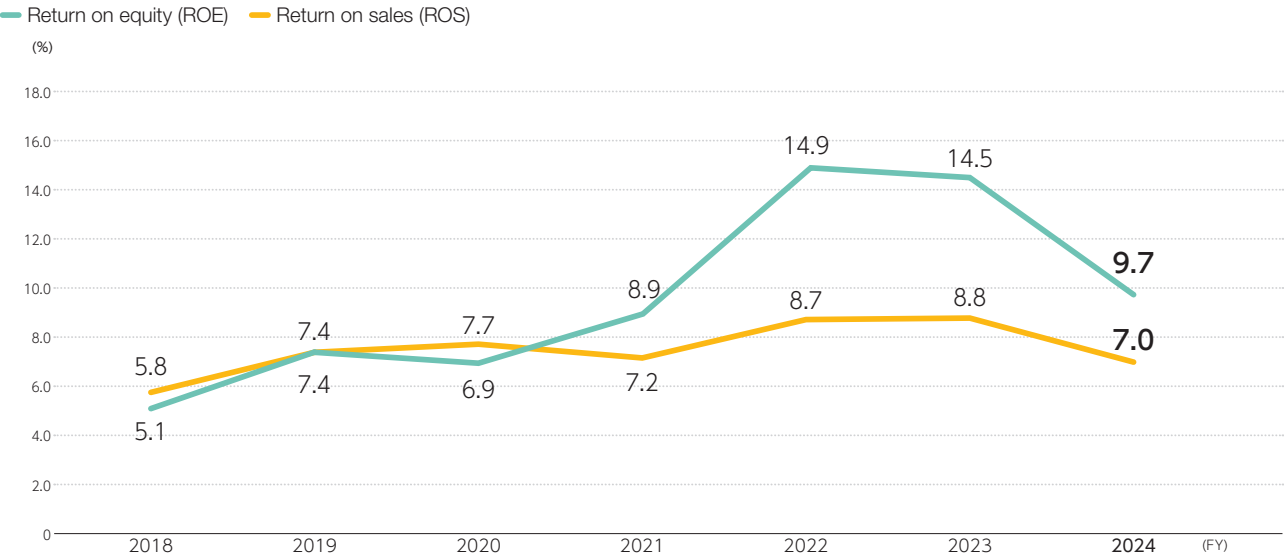
relationships with our sales partners and work on reducing inventories to optimal levels by improving the accuracy of market forecasts through close exchanges of information. In these and other ways, we intend to make strategic improvements to our cash conversion cycle (CCC). We will strive for the optimal balance of improvement of financial soundness with proactive growth investments and shareholder returns.

Initiatives for the Realization of Management that Takes Capital Costs and the Share Price into Account

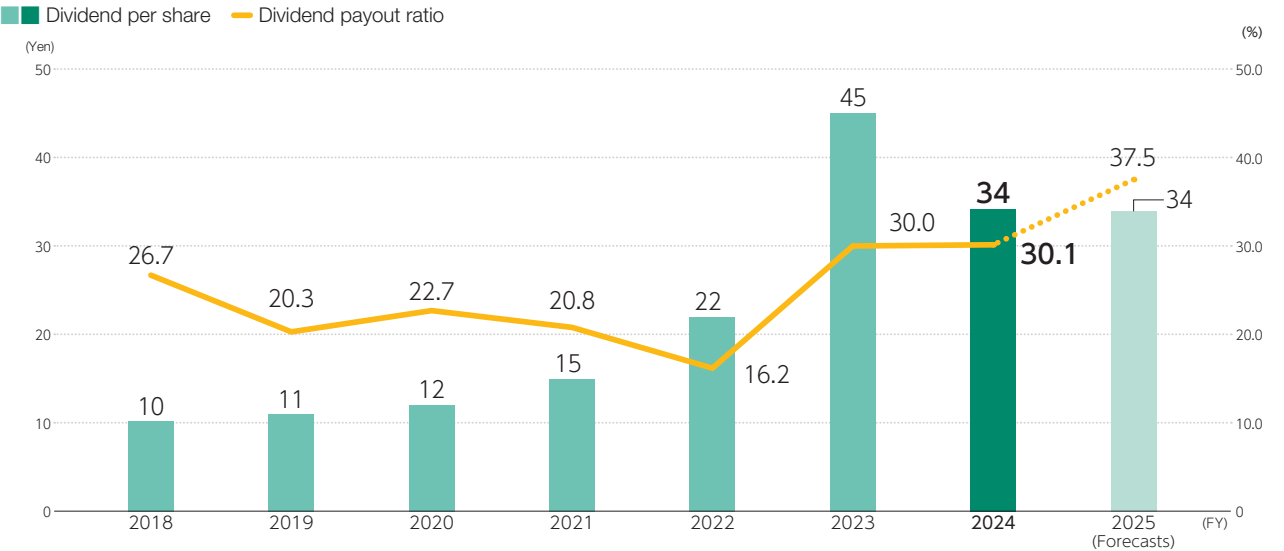
We are engaged in initiatives in response to the realization of management that takes capital costs and share price into account. Since December 2023, our price/book ratio (PBR) has stayed below 1. PBR is divided into return on equity (ROE) and price-to-earnings ratio (PER), and, in our analysis, PBR is not improving because PER, which indicates expectations for future growth, is at relatively low level of 10 times or lower, suggesting that investors are not fully recognizing our business strategy and growth strategy. In the Medium-Term Business Plan, in addition to net sales, operating income, and net income, we have set numerical targets for ROE and return

on sales (ROS) as management indicators, and we have also disclosed our capital allocations, as well as setting targets for investments for growth and dividend payout ratio. We will also strive to improve profitability after first gaining an accurate understanding of cost of shareholders’ equity and weighted average cost of capital (WACC). In addition, we will continue actively to implement the various measures established in the Medium-Term Business Plan and engage in dialogue with capital markets. Through activities aimed at further improvement of ROE, we will work on the sustainable enhancement of corporate value and social value.

ROE and ROS



Dividends and Dividend Payout Ratio





We will steadily implement the action plan, which was formulated based on the vision for the human capital strategy, and maximize the value of our human capital, which we position as the critically important and essential factor for sustainable growth.

To achieve the targets set forth in the Medium-Term Business Plan (FY2024–2026) and realize sustainable growth, it is essential to foster an organizational climate in which diverse and motivated human capital can gather, develop, demonstrate their abilities, and work in a stress-free environment. Identifying the human capital necessary for the implementation of the Medium-Term Business Plan, our group will strive to realize the vision for the human capital strategy based on the desirable human capital.

Managing Executive Officer, Deputy Head of Corporate Planning & Coordination Division KATAGIRI Sadamitsu

Desirable Human Capital

One of the important policies of the Medium-Term Business Plan is “human capital development / human capital strategy based on the idea of human capital,” which is the foundation of our business strategy. Specifically, we have identified human capital with the skills shown below as priority human capital to be emphasized in order to promote our future business strategy.

- Human capital to further strengthen R&D capabilities in core businesses
- Specialized human capital to strengthen the company-wide governance system
- Global human capital who can effectively work overseas
- Human capital capable of creating business systems

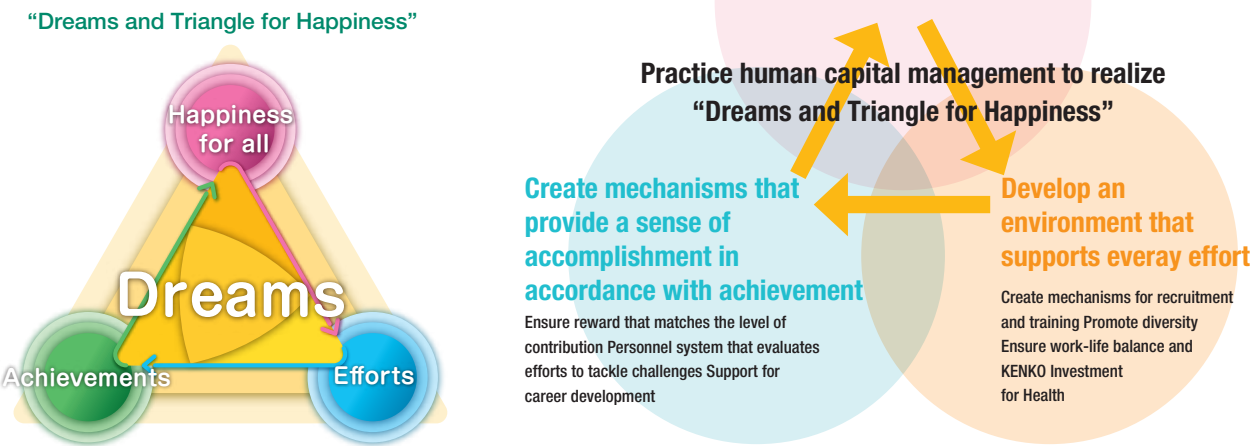
- Human capital who is familiar with production and procurement and promote their improvement for stable supply of products and services

We have also set out an image of the expected human capital for realizing the mindset and diversity that is a common requirement company-wide.

- Human capital capable of taking on challenges in new fields and creating innovations and new businesses
- Generalist human capital with leadership skills and managerial instincts
- Experienced professionals, women, foreigners, and senior human capital to break through organizational homogeneity

Vision for the Human Capital Strategy

Our group's slogan is “Dreams and Triangle for Happiness.” We aspire to create a stream in which each individual has dreams and then works to achieve them, and where satisfaction can be experienced through accomplishment, resulting in happiness.



To create a system such that the human capital of the “desirable human capital” can gather at our group, achieve growth through their work, and work sustainably with a sense of accomplishment and job satisfaction, we have formulated a vision for the human capital strategy whose essence is expressed by the slogan “Dreams and Triangle for Happiness.”

The first step is to develop an environment that supports every effort. In other words, we will create mechanisms for human capital who has dreams and strive to achieve them to gather and grow. We will also vigorously promote diversity

to cultivate an environment in which diverse human capital can strive to make the most of their strengths.

The next step is to create mechanisms that provide a sense of accomplishment in accordance with achievement. We will enhance the linkage between contributions and rewards so that employees can feel a sense of accomplishment and establish a personnel system that evaluates efforts to tackle challenges. We will also visualize career paths and support individuals’ continuous efforts and their achievements.

Through these efforts, we will strive to realize happiness for everyone, thus deepening engagement.

Major Initiatives Conducted in FY2024 and Review

In FY2024, for the steady realization of the vision for the human capital strategy, we began working on personnel system reforms with the aim of incorporating the action plans for the eight categories of measures that were set in FY2023, namely recruitment, training, diversity and inclusion (D&I), work-life balance (WLB), personnel system, evaluations, remuneration, and deployment and career development, into specific systems.

Specifically, to develop an environment that supports every effort, we have clarified the requirements for priority human

capital in connection with the Medium-Term Business Plan, and promoted recruitment in line with those requirements. We have also improved the company-wide education and training system, enhanced training for managers, and developed tools for systematic on-the-job training (OJT) which we are gradually putting into practice. Furthermore, we have clarified our vision of diversity and inclusion (D&I), established a working group to identify issues and promote measures, and deepened consideration for the promotion of measures. In conjunction with

Vision for the human capital strategy	Category	Action plan
Realize happiness for everyone	—	● Implement the action plan to improve employee engagement
Develop an environment that supports every effort	Recruitment	● Specify requirements for priority human capital and develop recruitment and staffing plans for each department/division ● Upgrade recruitment activities for systematic and efficient selection of core human capital from both new graduates and experienced professionals
	Training	● Improve the 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 ● Build an internal system for the promotion of women’s active participation in the workplace, formulate measures for achieving targets, and put them into practice
	WLB	● Identify issues around work-life balance (WLB), formulate measures to resolve essential issues and implement them ● Develop a KENKO Investment for Health promotion system and obtain accreditation under the Certified KENKO Investment for Health Outstanding Organizations recognition program
Create mechanisms that provide a sense of accomplishment in accordance with achievement	Personnel system	● Design the personnel system on the basis of rewards matching the role and performance results, eliminating the seniority idea, and encouraging active participation of diverse human capital ● Enhance the specialist system, realize diverse work styles, and revise the current personnel organization incorporating region-specific employee systems and corresponding to life events
	Evaluation	● Introduce systems encouraging proactive challenges and developing the professional ability to fulfill the necessary responsibilities ● Review the evaluation system to improve fairness and persuasiveness, and implement feedback interviews with every employee
	Remuneration	● Revise the system to 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
	Deployment and career development	● Visualize career paths and clarify career vision through development of career maps ● Enhance career development support, including introduction of career training and an internal recruitment system

these efforts, we will promote measures to improve work-life balance according to the circumstances of each department/division, such as by encouraging employees to take leave.

As an action plan to create mechanisms that provide a sense of accomplishment in accordance with achievement, we will review our personnel treatment system, including the expansion of the specialist system and the realization of diverse work styles. We will also review the evaluation system to further improve fairness and persuasiveness and aim for its transparent operation.

Furthermore, we will revise the remuneration system to emphasize job responsibilities and contributions, and review various benefits to improve job satisfaction. At the same time, through the expansion of career development support measures, we will create an environment where diverse human

capital can work in a sustainable manner.
By promoting the action plan in a comprehensive manner, we will improve happiness and engagement of all employees.



A scene from a training session

Outlook and Initiatives for the Future

As a professional group with a wealth of knowledge of agricultural chemicals, we have contributed to the advancement of agriculture for many years. We understand that, going forward, the creation of new value is essential for the Company to solve global social issues related to agriculture, such as food insecurity due to global population growth and climate change. To this end, while protecting our advanced technological capabilities and depth of knowledge, for the creation of new value, it is essential that we have diverse human capital who possess a wide range of knowledge, experience, and perspectives.

We will steadily progress personnel system reform for the implementation of the new personnel system in FY2026. At the same time, to become a company where everyone can work comfortably and play an active role, which is the aim of our D&I, we will also develop an environment where all officers and employees from diverse backgrounds are given fair opportunities in all aspects and in which they can work and demonstrate their potential through their preferred work styles. In this way, we will continue to make steady progress toward becoming an influential presence as a leader in the agricultural industry.

D&I Vision

Officers and Employees

We will create an environment that everyone will find comfortable to work in and where all officers and employees can work happily and with vitality.

- We will strive to create an environment where all officers and employees understand the importance of D&I and are able to participate in active discussions while respecting the individuality and opinions of others.
- We will strive to create an environment where officers and employees from diverse backgrounds can work and demonstrate their potential through their preferred work styles.
- We will strive to create a work environment where gender equality is achieved in all aspects.
- With the establishment of the Detailed Regulation for Handling Wellness Leave, we will encourage the taking of menstrual leave and expand coverage of infertility treatment, etc.

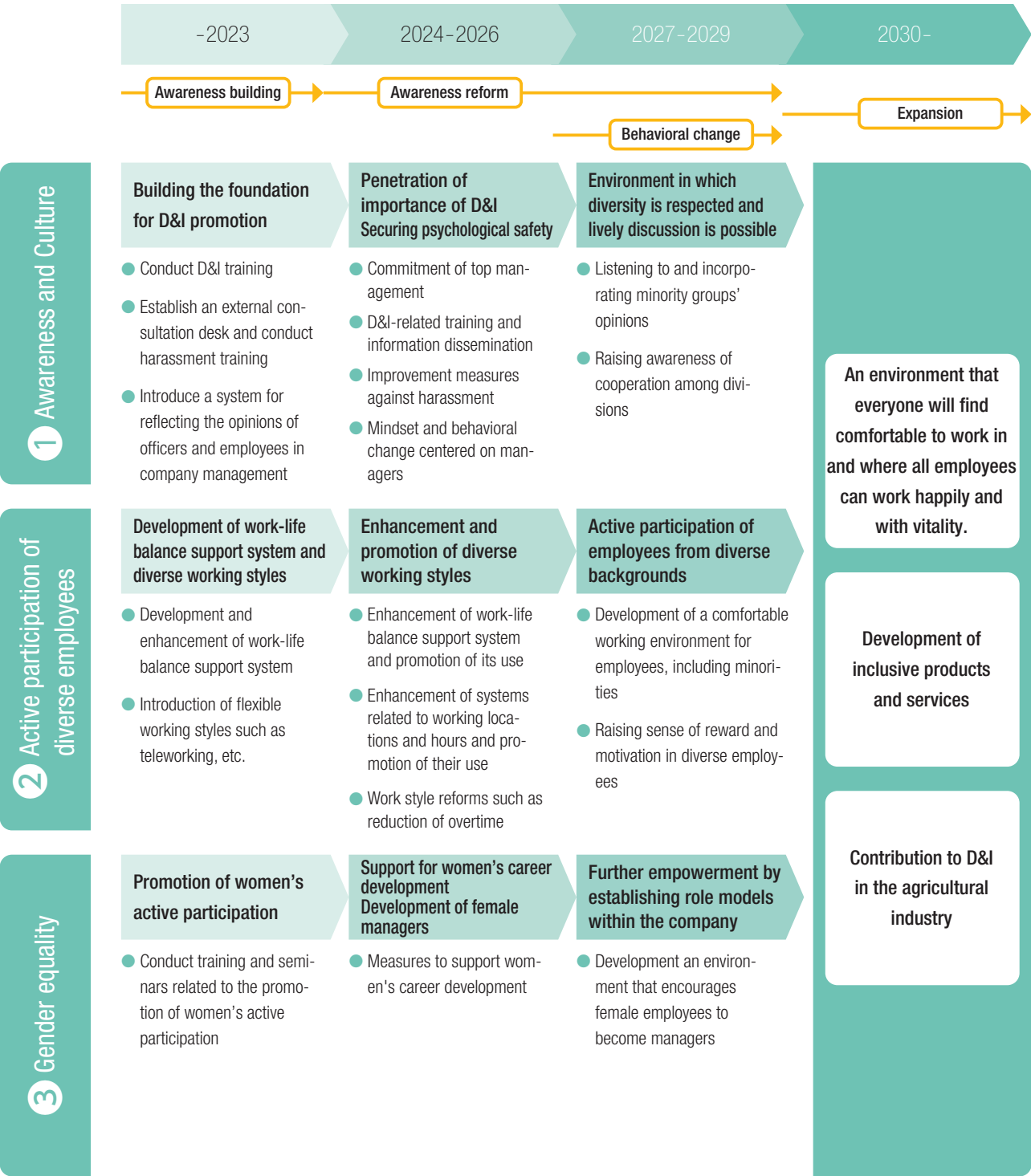
Products and Services

Our aim is that our products and services can be used by many more customers safely and securely through the development of new agricultural chemical application methods and other means.

Industry and Community

With pride as a leader in agriculture, we will contribute to D&I in the agricultural industry.

Promotion Roadmap

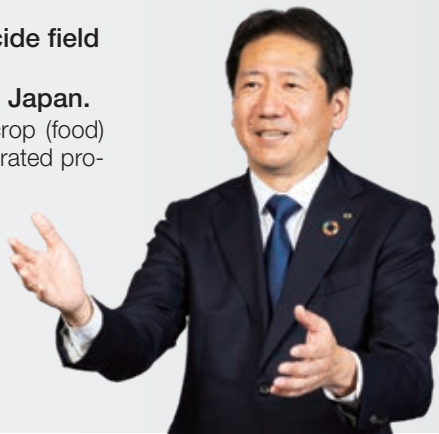


Working group activities

We hold the top Japanese market share in the one-shot paddy rice herbicide field for four consecutive years.

By further expanding business, we will contribute to stable food supply in Japan.

Our group sells agricultural chemicals indispensable for maintaining and improving crop (food) production. We provide safe and secure agricultural chemical products based on integrated processes covering every phase from chemical discovery through to manufacturing and sales. We have set our Ultimate Goals as “a corporate group with flexibility and a strong presence that enriches the lives of people through its unique technologies, and that contributes to sustainable development of society in harmony with nature,” and conduct our business toward these goals. To realize these goals, we are committed to developing and promoting new products and technologies that contribute to the “Strategy for Sustainable Food Systems, MIDORI” and the Act on Promoting the Utilization of Smart Agricultural Technology set forth by the Ministry of Agriculture, Forestry and Fisheries(MAFF), thus helping ensure the stable supply of food.



Director, Managing Executive Officer, Head of Domestic Sales Division IWATA Kouichi

Opportunities	<ul style="list-style-type: none">● Increase in the number of large-scale growers and agricultural corporations● Mitigation of environmental impact in accordance with the Strategy for Sustainable Food Systems, MIDORI● Expanding demand for low- or reduced agricultural chemicals cultivation and physical pest control● Technological innovations encouraged by the Act on Promoting the Utilization of Smart Agricultural Technology	Strengths	<ul style="list-style-type: none">● In-house development and manufacturing of active ingredients and products● One-of-a-kind products (MAMETSUBU® products)● Strong, community-based sales network
Threats	<ul style="list-style-type: none">● Reduction in the area of cropland● Termination of sales of agricultural chemicals whose registration is difficult to maintain● Increase in raw materials cost	Weaknesses	<ul style="list-style-type: none">● Decrease in sales of products for horticulture

Business Environment

Japanese agriculture is facing various issues, including large-scale natural disasters, the effects of global warming (high temperature damage to crops), aging of farmers and a shortage of its successors, an increase of abandoned cropland, and rising prices of agricultural inputs. In these circumstances, the strengthening of food security and a change to sustainable agriculture are called for in Japan. The MAFF formulated the Strategy for Sustainable Food Systems, MIDORI, in 2021, which aims to achieve both productivity improvement and sustainability in the food industry and agriculture, forestry, and fisheries through innovation in order to establish a sustainable food system. The targets to be achieved by 2050 under the strategy include zero emissions of CO₂ from agriculture, forestry, and fisheries, a shift to low-risk agricultural chemicals, the establishment and promotion of an integrated pest management system, and organic farming initiatives.

The initiatives and technologies to be realized by 2030

include pinpoint application of fertilizers and agricultural chemicals using smart agriculture technology, pest control technology using indigenous natural enemies and light, pest outbreak prediction technology by sensing using IT and AI technology, promotion of integrated pest and weed management (IPM), and expansion of organic farming. Development and promotion of new agricultural chemicals meeting these needs, biostimulants, and new pest control technologies are required.

Under the revised Agricultural Chemicals Regulation Act, a system for reevaluating registered agricultural chemicals was introduced to further improve the safety of agricultural chemicals. Agricultural chemicals have been gradually reevaluated since 2021.

In these environments, shipment volumes in the Japanese agricultural chemical market are declining, but the market size has increased to around 365.0 billion yen from that in the previous fiscal year (a survey by CropLife JAPAN in FY2024) due to higher agricultural chemical prices reflecting cost increases.

focusing on our proprietary active ingredients, based on the medium- to long-term marketing strategy.

● Paddy Rice Field

In the paddy rice field, the core of our domestic agricultural chemicals business, we will propose one-shot herbicides that meet the needs of growers from our extensive lineup,

centering on our proprietary active ingredients such as EFFEEDA®, a herbicide for paddy rice. By expanding the area of application of our products from 340,000 hectares in FY2024 to 390,000 hectares in FY2027, we aim to continue holding the top share in the market.

Regarding paddy rice nursery box application products, we will establish a foundation for the dissemination of our proprietary active ingredient DISARTA® to expand the area of application from 230,000 hectares in FY2024 to 260,000 hectares in FY2027, and increase our market share for paddy rice nursery box application products.

● Horticultural Field

In the horticultural field, we plan to concentrate on our proprietary active ingredients and achieve sales of 114% of the FY2024 level in FY2027. Specifically, in addition to further expanding sales of FANTASISTA®, a horticultural fungicide, and KITAXEEV®, a wheat herbicide containing AXEEV®, we will focus on widespread use and sales of VANENTA® (active ingredient name: Flupentiofenox), a new miticide, which is under development. VANENTA® is drawing attention as a new miticide effective for spider mites that are less susceptible to conventional agricultural chemicals used in Japan. We are preparing to launch it in the future. We are also preparing for widespread use of the new ECOARK® microbial pesticide, the only fungicide against crown gall, which is a difficult-to-control disease on grapevines, roses, and other plants. We are aiming to expand the business in the horticultural field while resolving growers’ issues.

Expansion of the Market Share in Existing Markets (Paddy Rice)

Regarding one-shot herbicides for paddy rice and paddy rice nursery box application products, we will expand the lineup of pre-mixtures of EFFEEDA® and DISARTA® to ensure suitability for the characteristics and needs of the regions in which they are applied, to further expand our market share.

To maintain our position at the top of the market for one-shot herbicides for paddy rice, which we have held for four consecutive years since 2021, we will continue to expand sales of AKATSUKI® products and low-cost LAOH® products, which are new pre-mixtures of EFFEEDA® launched in 2023. In 2025, we will introduce new EFFEEDA®-based TESSHIN® products, SEITEN® products, which are also effective for algae, and ISSEN® products, which are highly effective against cyperaceous weeds including *Scirpus juncoides*, to establish a foundation for their widespread use.

For paddy rice nursery box application products, we will endeavor to expand our market share, which is led by the fungicide DISARTA® pre-mixture. We will continue to establish a foundation for widespread use of the paddy rice nursery box application product BOON® HADES, a new DISARTA® pre-mixture launched in the western Japan market in 2024. The new pre-mixture is effective against flying insect pests that have become less susceptible to conventional insecticides. In 2025, we will launch the new nursery box application product BOON® ALLES® MONGALESS®, which is highly effective



against a wide range of pests, and BOON® granules, a single formulation of DISARTA® serving as a nursery box application product as well as a water-surface application formulation, aiming to further expand our market share of DISARTA® products in the new market.

Moreover, by expanding the lineup in the field of mid- to late-stage herbicides for paddy rice centering on our proprietary active ingredients, we aim to raise the overall level of our domestic agricultural chemicals business.

Expansion of the Market Share in Existing Markets (Non-Cropland)

We sell our products for non-cropland fields (golf courses, highways, railroad tracks, solar panels, etc.) through RIKENGREEN, a our company. In the golf course field, an important field, we aim to expand sales of our own products while maintaining the No.1 market share of SOLISTE SC and SPADA water dispersible granules, which are essential for the control of annual bluegrass and our of *Cyperus brevifolius*, which are difficult-to-control weeds. We will also continue to launch new products such as TRITON SC and flexibly respond to the market environment that keeps changing. We aim to expand our market share by strengthening measures to control difficult-to-control weeds and shrubs in the highway field, expanding sales to Shinkansen track in the railway track field, and approaching constructors that have not yet applied chemicals in the solar panel field.

Responding to New Needs (Labor Saving, Environment)

To address issues facing agriculture in Japan, we are committed to developing and promoting new products and technologies that contribute to the Strategy for Sustainable Food Systems, MIDORI set forth by the MAFF with the aim of supporting stable food production and realize sustainable agriculture. We will also vigorously work on technological innovations in accordance with the Act on Promoting the Utilization of Smart Agricultural Technology.

Recognizing that smart agriculture is indispensable for sustainable productivity improvement, we are promoting collaboration with smart agriculture-related manufacturers, etc. Specifically, we are endeavoring to make agricultural work more efficient and labor-saving through the application of our proprietary labor-saving MAMETSUBU® formulations for paddy rice, in combination with drones for agricultural use, radio-controlled boats, and automatic irrigation systems, which are becoming increasingly popular. In addition, since there is a need to reduce the impact of chemical pesticides on the environment, our IPM efforts include the use of microbial pesticides, remote sensing technology, the spread of low-drift MAMETSUBU® formulations, and advanced agricultural inputs (biostimulants and new microbial pesticides), which we will promote for social implementation.

We will continue making efforts to improve productivity and agricultural sustainability while ensuring harmony with the environment by providing essential products for both cropland and non-cropland.



The agricultural chemicals market that supports food production is growing on the back of a growing world population. While working to maintain and expand sales of AXEEV®, We will expand sales of its other proprietary products.

Our group is promoting the wide use of products containing safe and secure proprietary active ingredients not only in Japan but also around the world, so as to contribute to improved agricultural productivity and sustainable agriculture globally. In response to changes in the environment in which agriculture is conducted, such as increased demand for food due to global population growth, environmentally-friendly agricultural production, and reduced use of agricultural materials, including agricultural chemicals, we will contribute to stable crop production and food supply worldwide by leveraging R&D capabilities and the sales system, which are our strengths.

Representative Director, Senior Managing Executive Officer, Head of Overseas Sales Division IMAI Katsuki

Opportunities

- Increasing demand for food as the world population grows
- Emergence and spread of resistant weeds and pests against conventional agricultural chemicals
- Increasing demand for products with low environmental impacts

Threats

- Emergence and spread of resistant weeds and pests against our agricultural chemical products
- Emergence of inexpensive competing compounds and generic products
- Increase in raw materials cost

Strengths

- In-house development and manufacturing of active ingredients and products
- System of strong cooperation with local partners

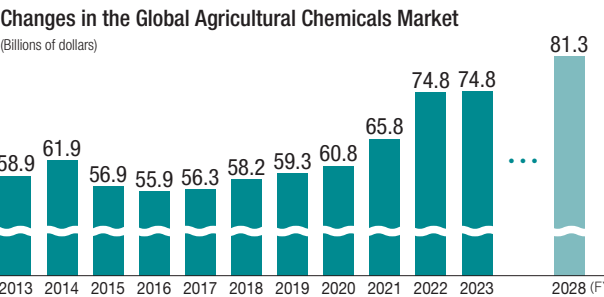
Weaknesses

- Dependence on local partners and lack of own distribution network
- Lower price competitiveness of proprietary products than generic products
- An imbalance in the product portfolio
- Great dependence on AXEEV® in sales

Business Environment

The global agricultural chemicals market continues to grow, centering on South America and Asia, on the back of a growing world population and increasing demand for grain due to changes in dietary habits. According to AgbioInvestor, the market is projected to worth 81.3 billion dollars in 2028. Meanwhile, the agricultural chemicals market has been fluctuating greatly over the past few years. In 2022, the tense international situation led to a sharp rise in agricultural chemical prices and panic buying of agricultural inputs in the market. In 2023, agricultural chemical products were in plentiful supply, their prices fell, and optimization of distribution inventories, which had ballooned, began. The trend of inventory optimization and reduction continued in 2024 and affected

sales of our products. A downward trend in grain prices and a fall in agricultural chemical prices are expected to continue and affect sales of our products in 2025.



Business Strategy

Current Status of and Strategy for Proprietary Products

● AXEEV® AXEEV® is a field crop herbicide launched in 2011 and is applicable to crops such as soybeans, corn, wheat, and sugarcane. AXEEV® is positioned as a product essential for the control of weeds resistant to conventional herbicides at agricultural sites. Sales have remained steady, and the product has continued to drive our group's performance. However,

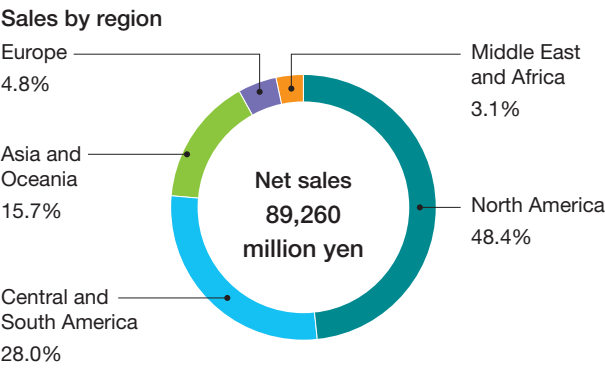
sales of AXEEV® decreased year on year to 71.1 billion yen in FY2024 due to pared inventories caused by great fluctuations in the agricultural chemicals market over the past few years and the launch of generic products in Australia and India. Meanwhile, the problem of resistant weeds has been spreading, and thus we will promote the development of new pre-mixtures, expand the range of crops to which AXEEV® can be applied, and support appropriate sales promotion activities primarily in major markets, such as the U.S., Brazil,

Argentina, and Australia, in a continuous effort to expand and maintain sales. AXEEV® is currently registered as an agricultural chemical in 25 countries (as of March 2025), and development is underway in more than 10 countries in a continuous effort to expand markets. We are taking legal responses to protect our intellectual property rights based on the policy to take decisive action on generic products in the event of any infringement of our patent rights. In Australia, we have filed five suits against a generic product sales company, in which one case has reached a settlement in our favor. In China, we have filed a suit against a manufacturer of intermediates, with a petition for administrative decision, in which the case has reached a settlement in our favor. In addition, we have filed five suits against a generic product manufacturer, which are pending in court.

● EFFEEDA® In Japan, we sell EFFEEDA® mainly for paddy rice herbicide applications. In South Korea, we started sales of EFFEEDA® as a herbicide for paddy rice in 2020, and 14 products (pre-mixtures) are put on the market by six distributors. Sales have been growing since the products are highly effective against difficult-to-control herbicide resistant weeds and difficult-to-control broadleaf weeds in addition to a superior level of safety for rice. We plan to continuously launch new products (pre-mixtures) in the market to expand sales. Development is vigorously pursued also in countries other than South Korea. In Europe, development has been pursued, aiming for extended use as a field crop herbicide for wheat and other crops. We filed an application in 2021 for registration of EFFEEDA®, and preparations are underway for commercialization. In the U.S., we have entered into a business alliance with Valent U.S.A. to develop EFFEEDA® for use as a paddy rice herbicide. In addition, we are pursuing development to use EFFEEDA® as a herbicide for paddy rice or field crops in Asia and the Americas, working to expand sales of EFFEEDA® worldwide.

● DISARTA® DISARTA® paddy rice fungicide was launched in Japan in 2020 and in South Korea in 2023. In South Korea, we developed DISARTA® as a product (pre-mixture) for nursery boxes of paddy rice as in Japan, and three products are put on the market by three distributors. Sales are steadily growing since a considerable effect on rice blast and safety for paddy rice are appreciated. We will continue to expand sales of the existing products and develop new pre-mixtures through sales promotion and dissemination activities in cooperation with local distributors to maximize sales. We will proceed development mainly in the paddy rice field in Asia to expand countries in which it sells products. In addition, we are considering applying DISARTA® to fields other than the paddy rice field by leveraging its characteristics it as induces systemic acquired resistance (SAR) and will determine whether to pursue development early, aiming for commercialization.

● Prohexadione-calcium Prohexadione-calcium is a plant growth regulator that we launched in 1994. Owing to its excellent performance and safety, prohexadione-calcium is registered and on the market in more than 50 countries, and has been our mainstay product for overseas for more than 30 years since its launch. This product has been marketed mainly for wheat and apples, but in recent years, pre-mixtures with a fungicide have been developed for sunflower and oilseed rape. We plan to maintain and expand sales, going forward. We are also considering applying the plant growth regulator to new crops, aiming for early commercialization.



● Expansion of sales regions We made Asiatic Agricultural Industries Pte. Ltd. (AAI), an agricultural chemical manufacturing and sales company in Singapore, a subsidiary in February 2021. We are vigorously evaluating and developing our products including AXEEV® through the understanding of market information and needs utilizing AAI's sales network in Asia and Africa. It takes time to complete a process from the evaluation of an agricultural chemical through the registration and launch of the same, and so we have not launched it yet, but our first agricultural chemical product in the region is expected to be registered by the end of 2025. By strengthening or complementing the sales networks Kumiai and AAI have in Asia and Africa and utilizing them, we will work to strengthen our group's sales power, expand countries where we sell products, and expand sales.



Agricultural chemical application overseas

Strengthen profitability of the Fine Chemicals Business as the second pillar alongside the Agricultural Chemicals Business.
We will accelerate growth by concentrating on the fast-growing semiconductor field.

In the Fine Chemicals Business, our group is applying its advanced organic synthesis technology cultivated in the agricultural chemicals business. The Fine Chemicals Business includes four subsegments, which are the chlorination business, advanced chemicals business, expanded polystyrene business, and specialty chemicals business, and is engaged in a wide range of businesses in various fields that support the foundations of our daily lives. We are contributing toward achieving the SDGs and a recycling-based society through the development and supply of fine chemical products used in infrastructure and advanced technologies for a safe and prosperous life.



Managing Executive Officer, Head of Chemical & Specialty Products Sales Division URUSHIBATA Ikumi

Opportunities	<ul style="list-style-type: none">Increasing demand in advanced fields such as semiconductors, pharmaceuticals, and fine chemicals	Strengths	<ul style="list-style-type: none">Advanced organic synthesis technology cultivated through the manufacture of active ingredients for agricultural chemicalsIntegrated research and development system from compound discovery to development of new products
Threats	<ul style="list-style-type: none">Rising crude oil and raw material prices and exchange rate fluctuationGeopolitical risks and U.S.-China economic friction, etc.	Weaknesses	<ul style="list-style-type: none">Positioned upstream in the value chain and affected by customer development trends, demand, and inventory situations

Business Environment

Chlorination Business

The chlorination business is primarily made up of the chlorotoluene business, which mainly deals with pharmaceutical and agricultural chemical intermediates, and the chloroxylene business, which covers semiconductor-related resin applications, medical-related applications, and high-performance aramid fiber applications. In the chlorotoluene business, price competition from overseas competitors is intensifying despite solid demand. In the chloroxylene business, despite robust demand for semiconductor-related resin and medical-related applications, a delay in the recovery of demand for end products relating to aramid fiber applications has, for example, occurred due to intensifying price competition from overseas competitors and restraints on infrastructural investments in each country. On the other hand, since demand is expected to grow in both fields in the future, we are working to meet such demand as well as improve profits through cost reduction efforts.

Advanced Chemicals Business

Digital technologies typified by high-speed communications and artificial intelligence (AI) are rapidly evolving, and our living environment is being transformed drastically, such as possible commercialization of self-driving cars. The scale of the global semiconductor market, which is the bedrock of our digital society, is expected to reach 629.8 billion dollars, up 19% year on year, in 2024. With the global market scale being also expected to mark double-digit growth in 2025, a new growth phase is about to begin. We will continue developing our business in growth fields such as materials for semiconductors and other electronic applications, in line with the acceleration of digital transformation.



Business Strategy

Initiatives and Future Targets for the Period Covered by the Medium-Term Business Plan

● Aiming for net sales of 28.5 billion yen in FY2026

Since the business integration with Ihara Chemical Industry in 2017, we have been working to develop the Fine Chemicals Business as the second pillar alongside the agricultural chemicals business. The Fine Chemicals Business achieved net

sales of 25.0 billion yen, up 11.1% year on year, in FY2024, the first year of the current Medium-Term Business Plan. The sales target is 28.5 billion yen for FY2026, the final year of the Medium-Term Business Plan, and will be at least 30.0 billion yen under the next Medium-Term Business Plan.

● Focusing on the semiconductor field

To achieve the foregoing targets, we believe that in addition

to further sales expansion in existing businesses, it is essential to create new businesses and vigorously invest in growth areas, utilizing M&A and capital alliances as well. In particular, we are emphasizing business development in the field of semiconductors and other electronic materials. Nowadays, given the rapid progress of digital technology, semiconductors that support the digital society are undoubtedly indispensable for our world, and explosive growth in demand is expected in the future. By identifying new markets and needs and providing high-quality products and services that leverage our proprietary technologies, we will grow the Fine Chemicals Business into the second pillar alongside the agricultural chemicals business and contribute to the realization of a safe, secure, and prosperous society.

Action 1

Expansion of Existing Businesses

● Bismaleimides (BMIs)

Demand for BMIs, for adding heat resistance and toughness to resins used in laminates and composite materials, has been growing for use in products such as new applications including servers, which are needed in response to the development of a digital society through high-speed communications, and Low Earth Orbit (LEO) satellites, which are attracting attention due to the expansion of the communications networks. Construction of a multi-plant capable of producing BMIs is scheduled to be completed in 2025. We will develop new BMI derivatives, cultivate new customers and applications, and strengthen our product portfolio to meet growing demand and adapt to changes in the market.

● Amine curing agent and isocyanate-related

We have been manufacturing and selling diamine curing agents for urethane and epoxy resins, achieving stable growth. Products responsive to environment, health, and safety (EHS) considerations, for which demand is expected to grow, and markets in the electronic materials field have been drawing attention recently. We intend to expand the lineup of products that cover needs in these fields. We will promote applications to more profitable, high-value-added products, including polyamides, polyimide and other high-performance materials. In the isocyanate-related field, we are working on the development of derivatization products with highly special characteristics and will concentrate on maximizing sales and profits with a group of characteristic products along with the diamine lineup.

● Chlorination business

Both the chlorotoluene and the chloroxylene businesses, which are the core of the chlorination business, are exposed to the high cost of production caused by soaring raw materials and fuel prices and a fierce struggle with overseas competitors for customer demand. Although demand in both fields is expected to remain buoyant going forward, the businesses are expected to remain exposed to intense competition, and thus we will make thorough efforts to reduce costs and improve productivity in an effort to improve business operations.

Meanwhile, semiconductor-related resin applications and medical-related applications covered by the chloroxylene

business provide high added value and pose technical and hardware obstacles in the way of other companies trying to readily enter the business. As a result, earnings are expected to stably increase. We will concentrate on development and manufacturing to further refine such high-value-added products, aiming to acquire new customers and expand business domains.

Action 2

Initiatives for the Custom Manufacturing Business

Regarding the custom manufacturing business for fine chemicals, We have been applying its long-cultivated organic synthesis technology in R&D, manufacturing, and sales of fine chemicals. Under the Medium-Term Business Plan, we will vigorously address themes for custom manufacturing in the semiconductor field, which requires the most stringent specifications in the electronic materials field, with the aim of expanding business domains. We are also working on the development of in-house original products in the cutting-edge material field to foster the Fine Chemicals Business as the second pillar alongside the Agricultural Chemicals Business. We are aiming to launch new products early.



Action 3

Collaboration with Group Companies and the New Material Research Laboratory, Discontinuous Initiatives

The New Material Research Laboratory was established within the Chemical Research Institute (ShIP) to create new products. This is an open lab where researchers of Kumiai and our group companies collaborate to pursue the development of innovative products through cross-organizational initiatives of our group. In conjunction with that, the Planning & Administration Section was established within the Chemical & Specialty Products Sales Division of Kumiai to add the function of overseeing the Fine Chemicals Business of our group with the aim of implementing initiatives such as the efficient utilization of human capital and facilities and strengthening of development and sales through enhanced collaboration among Kumiai and our group companies, seeking to maximize the Fine Chemicals Business and make it more profitable. Furthermore, in order to satisfy the quality and speed required by customers in cutting-edge fields, we will actively consider M&A and capital alliances, in addition to investments within our group. We will devote ourselves to strengthening the foundation of the Fine Chemicals Business through discontinuous initiatives for developing new products and winning new contracts for custom manufacturing, etc., in order to expand business from a medium- to long-term perspective.



We respond to changes in the market environment with our sales capabilities cultivated through our “field-based approach”

One of our long-held traditions is its strong sales capabilities. How is the know-how that has been cultivated over many years put to use in sales? Representatives working in domestic sales, overseas sales, and fine chemical sales talk about the strategies of their respective businesses.



Manager, Planning & Coordination Section,
Planning & Promotion Department,
Domestic Sales Division

● TAKAHASHI Daigo



Manager, Americas Section,
Overseas Marketing Department,
Overseas Sales Division

● KATO Atsushi



Manager, Chemical Sales Section 2,
Chemical Sales Department, Chemical &
Specialty Products Sales Division

● AKIMOTO Masaji

Japanese Agriculture Facing a Mountain of Issues and the Mission of the Domestic Sales

●TAKAHASHI: Agricultural chemicals are indispensable to the maintenance and improvement of food production. In recent years, Japanese agriculture has faced many issues, such as frequent natural disasters, global warming, aging of farmers and a shortage of its successors, and rising prices. The MAFF has launched the Strategy for Sustainable Food Systems, MIDORI, to realize both production capacity improvements and sustainability, and in line with that strategy, we in the Domestic Sales Division must aim for stable food production and the realization of sustainable agriculture.

At the same time, expansion of existing markets is also imperative. In the paddy rice field, which is the core of our domestic business, we have an enormous strength in our possession of proprietary active ingredients. In particular, in the mainstay paddy rice field, we have achieved the top market share for four consecutive years primarily by promoting and selling our proprietary active ingredients such as the paddy rice herbicide, EFFEEDA®. We will also establish a foundation for the promotion of our proprietary active ingredient DISARTA® to increase our market share for paddy rice nursery box application products. We hope to maintain that top market share into the future. In the horticultural field, we will

concentrate on our proprietary active ingredients and aim to expand our business in this field by increasing sales of FANTASISTA®, our fungicide for horticulture, and KITAXEEV®, a herbicide for wheat crops that contains AXEEV®.

In recent times, the aging of farmers and the decline in Japan's farming population have led to calls for more efficient productivity improvements. To realize sustainable agriculture, we are endeavoring to make agricultural work more efficient and labor-saving through the application of our proprietary labor-saving MAMETSUBU® formulations for paddy rice, in combination with smart agriculture such as drones for agricultural use and radio-controlled boats, which are becoming increasingly popular. In addition, through support for the generation of carbon credits, we are working on social contributions through the reduction of greenhouse gases and contributions to stable production by developing new customers and providing technical support to growers. Our efforts to strengthen our relationships by providing added value to farmers while solving social issues are sure to lead to the strengthening of our product sales capabilities over the medium- to long-term.

Strong Network with Distributors That Is Demonstrated in the Overseas Sales

●KATO: In the Overseas Sales Division, which has a sales network spanning over 50 countries around the world, our most pressing challenge is to strengthen our sales capabilities of the field crop herbicide, AXEEV®, which is our mainstay business. Generic products of AXEEV® have started to enter the market in some countries, so we expect price competition to intensify. The proposal and execution of timely and appropriate countermeasures will require strengthening our relationships with the distributors who are our local partners. We are engaging in information and technology sharing at a deep level, and my sense is that the relationships that we have cultivated over many years are yielding results.

In addition, cooperation within the company is needed for the swift

identification and response to the needs of individual markets. The Overseas Sales Division's distinctive feature is its possession of sales, planning, development, and logistics functions within the one division. We have established a framework that enables efficient business development by integrating the development, logistics, and sales functions in response to customers' complex demands.

At the same time, to avoid excessive reliance on AXEEV®, growing the EFFEEDA® and DISARTA® businesses overseas is a key mission of the sales department. To address these various challenges, we will strive to strengthen our networks both within and outside the company, including our group affiliates.

Creating a New Fine Chemicals Business with the Power of Chemical Technologies

●AKIMOTO: The Chemical & Specialty Products Sales Division is composed of the Specialty Sales Department, which handles the agricultural chemical-related business, and the Chemical Sales Department, to which I belong.

The mission of the Chemical Sales Department is to create businesses other than agricultural chemicals. As a sales department, we have two sections. Chemical Sales Section 1 handles special ingredients that increase the functionality of polymers. Chemical Sales Section 2, where I work, starts with sales activities that are close to development, in that we go out looking for things to sell ourselves, in our aim to expand our business fields.

Currently, in the short- to medium-term, we are developing businesses with a focus on custom manufacturing for fine chemicals in the

electronics materials area. In the medium- to long-term, we are working on the applied development of organic synthesis technology, which is one of our strengths, for the development and market launch of Kumiai-original products. We are currently proceeding with joint research with other companies and universities, centered on the electronic materials area.

The development and launch of Kumiai-original products is not far away, and we are now approaching the final corner into the home stretch. On an ongoing basis, our intention is to quickly catch onto customers' needs and give shape to the kinds of materials that will be needed in the future, five to ten years from now, using our strengths in chemical technologies. I believe that it is our role in Chemical Sales Section 2, Chemical Sales Department to bring fresh winds into Kumiai.

Community-based DNA Passed on to Kumiai's Sales

●TAKAHASHI: Domestic manufacturers sell agricultural chemicals through two channels: the “ZEN-NOH-affiliated channel” of selling products to the JA Group, and the “commercial channel” of selling to wholesalers and retailers. Our sales channel is the ZEN-NOH-affiliated channel. As the domestic agricultural chemicals market is starting to mature, if we are to expand our market, we will need to market to growers, who are the final destination of both channels.

Until now, our predecessors have leaned in close to customers and built relationships with them over many years. At Kumiai, over 110 sales persons and engineers belonging to our branches are deployed across the entire country. They travel out to the field in their respective regions, where they provide support for the use of our products, verify their effectiveness, and practice proposal-based sales that address issues in the field. These kinds of community-based activities to “make agricultural products better, together” are truly the greatest strength of our domestic sales operations.

●KATO: The “field-based approach” is a strength in overseas sales as well. The overseas business is centered on BtoB business, that is, selling to distributors, but our work is not confined to conference rooms and online meetings. Our persons travel all over their assigned areas, visiting regional branches and retail stores together with our partners, participating in

explanatory forums for growers, and the like. These kinds of activities are effective not only for understanding local circumstances, but also for reinforcing our presence with growers.

This culture of a field-based approach has been passed down within the department over the years. These kinds of experiences are proving useful in proposing activities to disseminate AXEEV® to our partners. Also, sharing that know-how horizontally with other countries is leading to the expansion of our sales channels on a global scale.

●AKIMOTO: The Fine Chemicals Business is also a BtoB business. One thing that I have really sensed in sales activities to new customers is the high level of recognition of Kumiai. Our technological capabilities in organic chemistry that have been cultivated over many years are well known within the industry, and I have many opportunities to sense that I am doing business in an arena that has been built up by my seniors and predecessors in the company. Another feature of our sales representatives is that many of them have a science background, having come from research institutes. Because our sales force can capture customers' technical needs quickly and directly from their technological standpoint, they are able to respond swiftly in various business scenarios. I consider this to be one of our greatest strengths.

Creating Synergy Through Cross-departmental Collaboration

●KATO: In the AXEEV® business, we set up a cross-departmental project team in 2016, and representatives of the sales, development, procurement, and other departments have been conducting smooth exchanges of information aimed at the maximization of the business. The ability to capture market trends in a timely manner has become a powerful weapon in our responses to generic and patent-infringing products. Also, in times of rising prices, cooperation with the production department is also essential. The framework for cross-departmental collaboration may become even more crucial.

●TAKAHASHI: Without the R&D and production departments, there would be no sales department at Kumiai. We convey the customer needs and issues that we have discovered in our sales activities in the field to R&D, which leads to the development of new products. Also, amid the skyrocketing of raw materials prices of recent years, efficient and stable production requires close exchanges of information with the production department. In

particular, given the minute-by-minute changes in the market environment of late, cooperation with the various departments is immensely important.

●AKIMOTO: Agricultural chemicals and fine chemicals have different business environments, but our operations have much in common in that they both involve manufacturing and selling goods. For example, because businesses in different areas co-existed within the company, a great deal of information could be gathered concerning logistics during the COVID-19 pandemic. One mission of our custom manufacture in the Fine Chemicals Business is to achieve the cheapest production in the world of the compounds that our customers request. On the materials procurement front, we share information with the Production & Procurement Division to seek out low-cost suppliers. Furthermore, by coordinating closely with the Research & Development Division, we are constantly sharing technical information, which allows us to provide our customers with the world's least expensive manufacturing methods.

The Outlook for the Sales Department in Exploring Uncharted Territory

●TAKAHASHI: First, starting with the leading market share in the area of one-shot herbicides for paddy rice, we will maintain our top share in the paddy rice field. In addition to contributing to Japanese agriculture by strengthening our provision of high value-added products and services, we will strive to expand the business foundations of our domestic sales and further enhance corporate value.

●KATO: AXEEV® is reaching a turning point with the onset of competition from generic products. We will maintain and expand our sales capabilities by building new sales frameworks with our sales partners to respond to the changing environment. Now is our last chance to do this. As well as strategies such as price adjustments and intellectual property protection, the quality and technological capabilities that we are proud of will contribute to the

agricultural sector overseas, where climate change and other factors are becoming increasingly serious. While accurately recognizing the added value of our products, we will continue to expand into a wide range of markets.

●AKIMOTO: Looking toward the medium- to long-term, we will continue to engage in joint research with our development partners for the creation of new products and businesses. We will proceed with the development of fine chemicals so that one day, we will be able to report to this kind of discussion, “This is Kumiai's new product!” and “This is Kumiai's Fine Chemicals Business!” Specifically, we plan to focus our efforts on semiconductor related areas, where there is conspicuous growth worldwide. By entering cutting-edge fields, we hope to further elevate the brand strength of our fine chemicals and create a new era for our Fine Chemicals Business.



The mission of the Production & Procurement Division is to supply high-quality products through the stable procurement and production of raw materials, giving the highest priority to safe operation.

Our group produces and supplies agricultural chemical active ingredients and formulations, as well as fine chemicals based on our development technologies for agricultural chemicals. Our production system is characterized by an ability to establish manufacturing methods that have been scaled up from the trial stage through close collaboration between the factories and research institutes. In this way, our unique production technologies make it possible to realize both efficient production and cost reduction.

In the pursuit of sustainability management, we are committed to stabilizing procurement through procurement from multiple-sources and CSR procurement. In order to contribute to the reduction of environmental impacts, we are also implementing measures for reducing greenhouse gas emissions through consideration and utilization of environmentally-friendly materials and equipment.

Director, Managing Executive Officer, Head of Production & Procurement Division

IKAWA Teruhiko

Manufactured Capital

Shizuoka Factory

The Shizuoka Factory is our production base for chemicals centering mainly on agricultural chemical active ingredients. It supplies organic compounds, according to the needs of various fields, including pharmaceutical and agricultural chemical intermediates and high-performance chemicals, to markets around the world. It has acquired ISO9001 and ISO14001 certifications, and manufactures and supplies high-quality active ingredients for agricultural chemicals and fine chemicals. It has also acquired ISO/IEC17025 accreditation as part of our overseas strategy, thus guaranteeing the capabilities and impartiality of its laboratories.



First” in accordance with the basic policies of ISO9001 and ISO14001. A new manufacturing plant for emulsions and flowable formulations will be completed and begin full-scale operation in 2025. The installation of the new facility will result in automatic operation and strengthen the factory’s safe operations and stable supply.



Kogota Factory

The Kogota Factory is our production base for herbicide granules, MAMETSUBU®, water-dispersible granules, and emulsions and flowable formulations for insecticides and fungicides. It manufactures high-quality, environmentally-friendly products for Japanese and overseas markets on the premise of “Safety



Tatsuno Factory

The Tatsuno Factory is a multi-purpose factory capable of high-variety, low-volume production. It has production facilities capable of handling various formulations, such as flowable formulations for herbicides, and granules, wettable powder, and water-dispersible granules for insecticides and fungicides. It manufactures high-quality, environmentally-friendly products for Japanese and overseas markets on the premise of “Safety First” in accordance with the basic policies of ISO9001 and ISO14001. The new water-dispersible granules plant that began operating in 2022 has been maintaining steady production.



Proprietary Production Technology

1 Establishing and Improving Manufacturing Technology in Collaboration with the Research & Development Division

Our Chemical Research Institute (ShIP) conducts comprehensive operations from discovery of new agricultural chemicals to optimizing the synthesis methods of active ingredients for process chemistry, and developing processes intended for actual production, to establishing the formulations that are the final product. Close collaboration between production sites and research institutes in these processes enables early



upscaling from the laboratory level to the production level for the establishment of manufacturing methods at factories. ShIP also works on continuous improvements of existing active ingredients and formulations through collaboration between factories and research institutes to reduce manufacturing costs and improve production efficiency. In these ways, it is contributing to the stable supply of high-quality products.



The Chemical Research Institute’s kilo-lab facility enables early upscaling verification.

2 Organic Synthesis Technology

The Shizuoka Factory is equipped with a multipurpose plant capable of handling small- to large-scale production, as well as a large-scale clean disposal treatment facility for protecting the environment. These facilities allow us to utilize the organic synthesis technology that we have accumulated over the years based on our manufacturing technology related to agricultural chemical active ingredients so that we can respond flexibly. Through these facilities and technologies, we are handling custom synthesis of organic compounds attuned to the needs of customers in various fields.

3 Agricultural Chemical Formulation Technology

The Kogota Factory and the Tatsuno Factory are equipped with manufacturing facilities and packaging facilities corresponding to various formulations of agricultural chemical products used in Japan and overseas. With granulation technologies accumulated over many years, these factories manufacture one-shot herbicides for paddy rice, including EFFEEDA®, and paddy rice nursery box application products,

including DISARTA®, as granules, the type of formulation most widely used in Japan. In this way, they are making major contributions to rice farming in Japan.

MAMETSUBU®, a formulation that makes the most of our proprietary manufacturing technologies, is highly regarded by growers as a labor-saving formulation that greatly reduces work time for applying agricultural chemicals. It is also ideal for application by drones and is making significant contributions to the realization of smart agriculture.

As the scale of farming businesses has increased in recent years, there has been an increase in large-format packaging to accommodate the specifications for direct delivery to growers*. We are advancing the automation of large-format packaging in its efforts to ensure the stable supply of its products.



Large-format packaging (BOON® ZEXTERRA® granules for nursery box)

*Large-format product for large-scale growers (4ha supply)

4 Initiatives for Reducing Greenhouse Gas Emissions

In order to reduce our greenhouse gas (GHG) emissions, in FY2023 we changed all electricity used at our three factories (Shizuoka, Kogota, and Tatsuno) to CO₂-free electricity. With this initiative, we expect to achieve a 30% reduction in GHG emissions in FY2030 compared to FY2019. As a further goal toward achieving carbon neutrality, we are promoting conversion to energy with a low emission factor and reuse of waste heat at each factory.

Supply Chain

We conduct procurement of raw materials in accordance with the CSR Procurement Guidelines. These guidelines stipulate ①compliance with laws and regulations, ②consideration of human rights and occupational health, ③consideration for the environment, ④ensuring quality, safety, and delivery date, ⑤proper information management, ⑥anti-corruption, and ⑦elimination of relationships with antisocial forces. In order to reduce procurement risks amid rapidly changing market conditions, such as prices and delivery dates, we have built good working relationships with more than 200 suppliers, allowing us to purchase from multiple suppliers to ensure stable procurement.

Results of Questionnaire Survey of Suppliers

Has established a basic policy and guidelines related to respect for human rights and disseminated them to employees	100%
Has developed initiatives to prevent improper payment of wages and excessive and unreasonable working hours	100%
Has established a system to identify and assess the environmental impact of business activities	100%
Discloses information on the basic policy and initiatives related to prevention of bribery	100%
Has established initiatives to provide consumers with accurate, sufficient, and clear information	100%

Note: Questionnaire survey of the top 15 suppliers with the highest procurement results (84%, excluding companies and organizations with capital ties to Kumiai)

Future Measures

With the maintenance of a reliable product supply system through safe operations as our greatest mission, we will continue in our efforts to achieve stable production and procurement to meet our customers’ needs and live up to their trust in us. We will introduce the latest equipment and strengthen factory functions to improve safety, quality, and efficiency in

production, and realize factories that are comfortable to work in and offer a sense of job satisfaction. We will also promote production and procurement that are conscious of sustainability in our efforts to realize a prosperous society that is considerate of the global environment.



R&D is the source of our group’s growth. We will continue with our proactive investments and human capital development to further strengthen and accelerate our R&D capabilities.

With “Protecting and fostering life and nature” as our main theme, our group has grown and prospered by supporting global food production through the manufacture and sale of agricultural chemicals. Driven by R&D, we will work to create further innovation based on the experience and knowledge that we have accumulated over the years. We will develop new agricultural chemicals and fine chemicals that meet market needs and customer requirements by utilizing our integrated R&D system that covers every phase from the exploration of new compounds to process chemistry. In this way, we will contribute to the realization of a sustainable society.

Managing Executive Officer,
Head of Research & Development Division YANO Hiroyuki

Our Strengths in R&D

We are an R&D-oriented enterprise whose mainstay business is agricultural chemicals. Our strength lies in our R&D system that covers the whole process of agricultural chemicals development in a wide range of fields. A major requirement in the development of new agricultural chemicals is that they be highly effective against targeted pests and weeds. There are also various hurdles to be cleared, such as safety to crops, safety to non-targeted organisms, and environmental impact. Launching an agricultural chemical product onto the market requires enormous time and cost, and the probability of candidate compounds actually being made into finished agricultural chemical products is said to be 1 in 160,000. Compared with that, we have developed new agricultural chemical products with an extremely high probability of roughly 1 in 7,500. I believe that there are five factors that enable Kumiai to achieve such a high probability of successful development. They are the establishment of an efficient R&D system that encompasses a wide range of research areas,

global market forecasts closely linked to the field, accumulated development know-how, vigorous investment in R&D, and excellent human capital who are well versed in a wide range of research fields. The reason for our success today is that we have been able to leverage these management resources to a high degree.

To date, we have developed 20 agricultural chemical active ingredients. Development of these active ingredients requires a combination of technological capabilities in various fields, including chemical discovery and synthesis, biological evaluation, safety assessment, environmental impact assessment, formulation development, and process development. We are currently advancing the integration of our accumulated R&D and cutting-edge technologies and working to strengthen and accelerate our R&D capabilities even further on a daily basis.

As R&D must constantly be looking 10 or 20 years ahead, we are creating new value under a forward-looking strategy while making the most of our management resources.

Current Status and Future Measures

The mission of R&D departments is to expand our research and business domains through the development of innovative technologies and products, contribute to the realization of a prosperous society, and grow the company. Through the introduction and development of technologies in collaboration with external parties, as well as delving deeper into our own technologies, we are placing efforts into the creation of new value in our core business, the Agricultural Chemicals and Agriculture-Related Business, and the Fine Chemicals Business, which we aim to develop into the second pillar.

Development of products and technologies centered on agricultural chemicals

The Agricultural Chemicals and Agriculture-Related Business, our core business, is engaged in the development of new technologies and products that contribute to the individual countries’ government policies on global food production and

environmental issues, such as the Strategy for Sustainable Food Systems, MIDORI in Japan, and solutions to various social issues related to those policies. Regarding agricultural chemicals, the mainstay of our business, the miticide, Flupentiofenox, is in the process of registration as an agricultural chemical, while R&D of subsequent pipelines is progressing steadily. In addition, to further accelerate the development of new agricultural chemicals with high probability, we will promote the development of efficient chemical discovery, formulation, and biological evaluation methods, such as target-based screening using IT and AI technologies. We are also proceeding with the development of microbial pesticides, as inputs that have a lower environmental impact, supplement agricultural chemicals, and are able to address a variety of needs. ECOARK® is highly effective against crown gall, which occurs in grapes and other crops and for which no effective control measures yet exist. This product was registered

as a biological pesticide in March 2025, and we are now proceeding with preparations to provide new technologies to production sites.

We are also working on the development of technology that makes use of peripheral technologies cultivated in the development of agricultural chemicals. We are advancing the development of biostimulants as inputs that contribute to the improvement of productivity by helping crops grow, and to the reduction of stress on crops such as rising temperatures and droughts due to climate change. Moreover, as technological development to contribute to environmental solutions, we are actively engaged in R&D of various technologies related to agricultural production. These efforts include the development of technologies that reduce greenhouse gas emissions from cropland and the application of genome editing technology to the R&D of crops resistant to environmental stress and pest-resistant crops.

Our group’s fine chemicals are widely used in infrastructure and daily necessities, supporting our daily lives in many ways. With the organic synthesis technology cultivated in R&D of agricultural chemicals at its core, our Fine Chemicals Business works to create new technologies and products with a focus on semiconductor-related areas, leveraging our group’s technologies and facilities. Going forward, we will continue to develop technologies for fine chemicals and new materials that will contribute to solutions to social issues and enrich people’s lives.

Investment in R&D

As R&D is a source of growth and development takes a long time, we make investments on an ongoing basis.

Our R&D is conducted by the Chemical Research Institute and the Life Science Research Institute in tandem. In recent years, we have been proactively making capital investments in both institutes to further strengthen our R&D capabilities. In October 2023, the Chemical Research Institute (ShIP) began

operation. By integrating Kumiai’s three research centers (chemical discovery, formulation, and process) and bringing chemical researchers with a high level of expertise together under one roof, a place where R&D can be advanced collaboratively was established. In addition, with renovation and updating of the Life Science Research Institute currently underway, we will advance the establishment of the foundations for encouraging co-creation that transcends research areas and generating new innovation.

In addition to capital investment, we are also actively investing in human capital and in the testing and intellectual property needed for development, and we are working to enhance our R&D capabilities on both tangible and intangible fronts.



Human Capital Development

Human capital is the driving force for the advancement of R&D, and we are also actively focusing efforts on human capital development. In addition to recruiting talent with specialized knowledge, we are also implementing measures to enhance our people’s expertise after they have joined the Company, such as overseas training and support for obtaining a doctorate. As our target is the global market, even our younger employees have many opportunities to go on overseas business trips. In this way, we are cultivating outstanding researchers who have obtained a wide range of knowledge and perspectives through various experiences.

For the creation of new value, we believe that, in addition to the use of IT and AI systems, R&D cannot succeed without the creativity (inspiration) of researchers. In the early stages of R&D, we need the power of researchers who can create rough diamonds from nothing, so we encourage our researchers’ growth by creating opportunities for them to take on a wide range of challenges.

Status of Development of New Active Ingredients and Technologies

Name	Field	Practical evaluation stage	Development stage	Region/crop expansion
Insecticides				
Flupentiofenox (VANENTA®)	Miticide		●	
Insecticide A	Insecticide for paddy rice		●	
Insecticide B	Insecticide for paddy rice and horticulture	●		
Fungicides				
Fungicide A	Fungicide for fruit trees and vegetables	●		
Fungicide B	Fungicide for field crops	●		
Herbicides				
EFFEEDA®	Herbicide for wheat			●
Herbicide A	Herbicide for field crops	●		
Microbial pesticides and biostimulants				
ECOARK®	Microbial pesticide for the control of crown gall			●
Microorganism A	Microbial pesticide for fruit trees and vegetables	●		
Microorganism B	Biostimulant	●		

Mitigation of Climate Change and Environmental Impact

We will work on the mitigation of environmental impact, conservation of biodiversity, and sustainable food production through the development of new technologies, in our efforts to realize a low-carbon, recycling-based society.

Having set mitigation of climate change and environmental impact, contribution to biodiversity, and contribution to a recycling-based society as materialities, our group aims to help protect the global environment and realize a low-carbon society by fully utilizing its technologies, knowledge, and R&D capabilities. In addition, we are working to develop and promote products that contribute to both stable food production and sustainable agricultural industry by responding to the Strategy for Sustainable Food Systems, MIDORI formulated by the MAFF.

Director, Senior Managing Executive Officer YOSHIMURA Takumi



Initiatives for the Mitigation of Environmental Impact

The Strategy for Sustainable Food Systems, MIDORI announced by the MAFF has as its goals the reduction of risk-weighted use of chemical pesticides and the expansion of organic farming by 2050.

Over the years, we have been committed to the development and promotion of new technologies, and we have contributed to the mitigation of environmental impact and the improvement of safety. We will continue to conduct research and development of safe and secure agricultural chemicals and accelerate our R&D of microbial pesticides and biostimulants. In addition, a project is underway to commercialize technology for reducing emissions of greenhouse gases from cropland.

We are also focusing our efforts on technological innovations that contribute to the Act on Promoting the Utilization of Smart Agricultural Technology. MAMETSUBU® formulations for rice paddies are compatible with different application methods, such as the use of drones and radio-controlled boats, which will reduce labor for growers and the dispersion of chemicals.

Agricore and GRA, whose shares Kumiai has acquired, have strengths in environmental data-driven agritech in facility horticulture, contributing to the improvement of productivity and resource efficiency. Going forward, we will help to realize environmental impact mitigation and sustainable agriculture by applying these companies' technologies to other crops.

Contribution to Biodiversity

Our group declared "Protecting and fostering life and nature" as its corporate philosophy and has set contribution to biodiversity as one of its materialities. As a chemical manufacturer, we manage water resources and waste appropriately and take steps to ensure we do not negatively impact biodiversity

when conducting our business activities. Further, we aim for "nature positive" activities that halt biodiversity loss and reverse adverse trends, to put nature on a track toward recovery.

1. Establishment of Kumika Refugia Kikugawa (biotope)


A 3,030-square-meter biotope has been established on land adjacent to our Life Science Research Institute in Kikugawa City, Shizuoka Prefecture (completed in the end of March 2025). In the past, this area had a rich landscape of countryside and satoyama, but with urbanization, the surrounding environment has changed greatly. As a result, the number of organisms and their habitats have decreased significantly. We aim to maintain and manage this rich natural environment by recreating the satoyama landscape that once existed in this area and reviving the flora and fauna that inhabited it.

The biotope will feature streams, wetlands, ponds, grasslands, and wooded areas, and activities will be conducted to protect the rare creatures and plants that inhabit the area (fireflies, Japanese pond turtles, *eriocaulon nudicuspe*, Japanese iris, etc.). We aim to create an environment where fireflies will fly about by recreating the rice paddies of that time and spraying agricultural chemicals according to appropriate rules. By making use of our knowledge, we will contribute to the realization of a sustainable society and the maintenance of biodiversity.

The biotope will also be a venue for local children to learn about biodiversity and environmental conservation, which will lead to the development of environmental awareness.

2. Environmental Conservation Activities in Kumika Refugia Fukushima Town

In 1974, we purchased approximately 640 hectares of forest in the town of Fukushima, Hokkaido, and has been involved in maintaining and managing the forest. Proper management of forests maintains a rich ecosystem, including flora and fauna unique to the region. For more information, please visit our official website: <https://www.kumiai-chem.co.jp/english/sustainability/environment/biodiversity/>



Contribution to a Recycling-Based Society

We have established an environmental management system in accordance with ISO14001. Our environmental policy is to "reduce industrial waste and improve recycling rates" and "promote energy conservation and reduce emissions of greenhouse gases." Having launched the ESG Project in December 2021, whose aim is to create clean factories, we have been working to realize a recycling-based society.

- Targets**
- In order to realize clean factories, we target the following items.
- 1 Reduction of energy use
 - 2 Decarbonization of energy use
 - 3 Change of materials used for containers for raw materials and packaging for inter-factory transfer, recycling of containers and packaging
 - 4 Paperless operation by eliminating the use of hard copy of performance charts, etc.

- 5 Reuse of emitted energy
- 6 Recycling of solvents used
- 7 Recovery of valuable materials from wastewater

Examples of Initiatives

At the Shizuoka Factory, wastewater discharged from each plant is properly treated in in-house wastewater facilities before being discharged from the factory in order to prevent chemical substances generated during the manufacturing process from being mixed in with the wastewater. We have established its own standards for certain substances, which are stricter than those of the Water Pollution Prevention Act, and regularly monitors the water quality of wastewater. We monitor water withdrawal amounts, water discharge amounts, water temperature, and water clarity every day, and if contamination with chemical substances is suspected, we take measures to stop the discharging wastewater.

Greenhouse Gas (GHG) Emissions and Environmental Data

		GHG emissions (t-CO ₂ /year)			
		FY2021	FY2022	FY2023	FY2024
Scope 1	Direct emissions by the reporting company	47,702	47,982	44,182	44,973
Scope 2	Indirect emissions from the use of electricity, heat, and steam provided by other companies	17,459	18,142	13,997	7,098
Scope 1+2	Total emissions	65,162	66,124	58,178	52,071
	Emissions per net sales unit (t-CO ₂ /millions of yen)	0.605	0.503	0.397	0.358
Scope 3 category	1. Purchased goods and services	—	189,859	195,898	208,663
	2. Capital goods	—	27,470	24,880	28,322
	3. Fuel- and energy-related activities not included in Scope 1 and 2	—	12,171	11,461	11,197
	4. Upstream transportation and distribution	—	11,715	8,867	9,491
	5. Waste generated in operations	—	7,676	10,902	10,782
	6. Business travel	—	221	220	220
	7. Employee commuting	—	1,003	1,007	989
	8. Upstream leased asset	—	0	0	0
	9. Downstream transportation and distribution	—	769	590	492
	10. Processing of sold products	—	0	0	0
	11. Use of sold products	—	0	0	0
	12. End-of-life treatment of sold products	—	3,729	3,636	2,670
	13. Downstream leased assets	—	66	66	44
	14. Franchises	—	0	0	0
	15. Investments	—	0	0	0
Total emissions		—	254,680	257,526	272,869

	Unit	FY2021	FY2022	FY2023	FY2024
Energy consumption (crude oil equivalent)	kL	33,559	33,199	31,554	27,895
Amount of purchased electricity	MWh	57,016	55,992	55,729	56,022
Of which amount of renewable energy	MWh	12,635	12,420	25,184	40,827
Water withdrawal amounts	Thousand m ³	—	4,187	3,835	3,585
Amount of industrial waste	Thousand tons	—	8.653	11.124	12.021

*Targets include seven group companies, which are, KUMIAI CHEMICAL INDUSTRY, RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, and KUMIKA LOGISTICS. The ratio of the seven companies' net sales to consolidated net sales (coverage rate) is 90.7% (FY2024).

*Kumiai Chemical Group has received the third-party verification regarding the data concerning our Greenhouse Gas emissions since FY2024 from Japan Quality Assurance Organization (JQA).

Mitigation of Climate Change and Environmental Impact (Information Disclosure in Line with TCFD Recommendations)

Climate change is a serious social issue that results in other problems such as an increase in pests due to rising temperatures, and negative impacts on agricultural production due to extreme weather conditions.

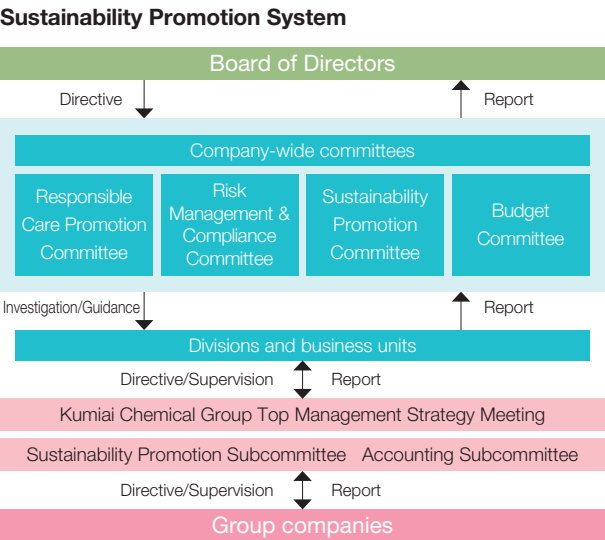
Our group has positioned mitigation of climate change and environmental impact as one of its materialities, and in November 2022, expressed its endorsement of the Task Force on Climate-related Financial Disclosure (TCFD) recommendations for climate change mitigation and adaptation. We are promoting information disclosure based on TCFD recommendations and climate change initiatives such as greenhouse gas (GHG) emissions reduction.



Governance

The Sustainability Promotion Committee chaired by the Representative Director, President, formulates strategies on sustainability issues, such as “mitigation of climate change and environmental impact” and “human capital development / human capital strategy based on the idea of human capital,” manages the progress of the action plan for each issue, and also formulates information disclosure strategies. The Responsible Care Promotion Committee also makes decisions on policies related to industrial health and safety and chemical substance management, and discusses measures to address these issues. Important matters discussed by the Sustainability Promotion Committee and other bodies are reported to the Board of Directors for decision-making and oversight. The Nomination and Remuneration Committee reviews our efforts in reducing GHG emissions and their results, as well as our initiatives and achievements in the areas of anti-corruption, human rights, and decent work, and incorporates these factors into the determination of remuneration for Directors.

The Kumiai Chemical Group Top Management Strategy Meeting has been established to achieve sustainable growth and enhance corporate value over the medium- to long-term



by ensuring stable business operations, promoting sustainability management, and achieving effective corporate governance. In line with the Kumiai Chemical Group Basic Policy on Sustainability, the Meeting is working to share and implement measures to help realize a sustainable society that meets the expectations and needs of our stakeholders. Under the Kumiai Chemical Group Top Management Strategy Meeting, the Sustainability Promotion Subcommittee is responsible for effectively implementing measures to promote sustainability management.

Strategy

Our group has identified “mitigation of climate change and environmental impact” as one of its material issues and has assessed its climate-related risks and opportunities. We have conducted scenario analysis by setting the “safe, secure, and prosperous society” scenario (called the 1.5°C scenario) that we aim to achieve and the “unsustainable society” scenario (called the 4°C scenario) where social issues such as climate change worsen, and have evaluated the impacts of risks and opportunities on our group. Measures for major risks and opportunities that have a large impact are being examined. The contents of these examinations are reported to the Sustainability Promotion Committee, and Management, including the Representative Director, President, then discuss climate change risks and opportunities.

Risk Management

For risk management, we identify risks and opportunities recognized by our divisions, and also identify issues by referring to the recommendations of external organizations such as TCFD, as well as climate-related risks and opportunities recognized by other companies in the same industry. The degree of importance of each issue identified is determined by conducting impact assessments, taking into account the financial impact. Risk issues identified are discussed once a year by the Risk Management & Compliance Committee, a company-wide committee, and measures to address the issues are determined.

Our analysis of climate change risks and opportunities and our GHG emissions data are disclosed on the Company’s official website.

Major risks, opportunities and responses are described on the next page. We reaffirmed that the realization of the safe, secure, and prosperous society we aim to achieve will benefit our group.

<https://www.kumiai-chem.co.jp/english/sustainability/management/tcfd/>

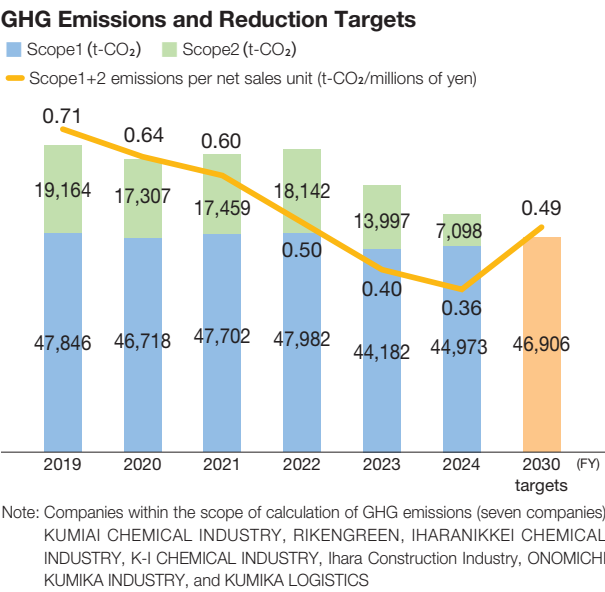


Indicators and Targets

Our group set FY2019 as the reference year, and set reducing Scope 1 and 2 GHG emissions of our seven key group companies by 30% compared to FY2019 by FY2030 as our target. Specifically, we introduced CO₂-free electricity generated from renewable energy sources at our main factories and institutes, including the Shizuoka Factory. We also promoted fuel conversion from heavy oil to fuels with lower GHG emissions, thereby continuing to reduce GHG emissions from

our business activities and working to achieve our targets. By FY2048, when we celebrates its 100th anniversary, we aim to achieve carbon neutrality by reducing the Scope 1 and 2 GHG emissions of our seven key group companies to virtually zero. In the future, we will also consider the use of low-carbon fuels (such as hydrogen and ammonia), innovative carbon-negative technologies, and carbon credits, as our carbon neutrality goals are difficult to achieve with existing technologies alone.

Regarding the progress to date toward achieving the reduction targets, we believe that our group is making good progress in reducing GHG emissions, because net sales for FY2024 increased by approximately 56% compared to FY2019, but our GHG emissions decreased by approximately 22% compared to FY2019. Through continuous efforts to reduce environmental impacts, we will strive to achieve the targets and disclose related information.



Scenario	Overview	Reference scenario
“Safe, secure, and prosperous society” scenario (1.5°C scenario)	In this scenario, temperature increase is limited to 1.5°C compared to pre-industrial levels. As society transitions toward decarbonization, environmental protection demands will increase, stricter laws and regulations will be implemented, and there will be large-scale environmental investment.	“Net Zero Emissions by 2050 (NZE2050)” by the International Energy Agency (IEA), etc.
“Unsustainable society” scenario (4°C scenario)	In this scenario, temperature increases by at least 4°C compared to pre-industrial levels. If progress toward a decarbonized society is stifled, greenhouse gas emissions will increase, resulting in increasing extreme weather events such as floods and typhoons.	“RCP8.5” by the United Nations Intergovernmental Panel on Climate Change (IPCC), etc.

Classification		Major risks & opportunities	Impact on business	Response	Impact* (2030)
“Safe, secure, and prosperous society” scenario	Risk	Stricter regulations on greenhouse gas emissions	<ul style="list-style-type: none">Financial burden may increase such as due to implementation of a carbon tax.Compared to other chemical companies, the impact will be limited since greenhouse gas emissions are relatively low.	<ul style="list-style-type: none">Setting long-term targets for reducing greenhouse gas emissionsPromoting implementation of energy-saving equipment and renewable energy	Small
		Increased energy costs	<ul style="list-style-type: none">Energy costs may increase due to changes in energy policies as society moves toward decarbonization.Compared to other chemical companies, the impact will be limited since energy consumption is relatively low.	<ul style="list-style-type: none">Same as above	Small
		Decrease in demand for agricultural chemicals due to stricter regulations on agricultural chemicals	<ul style="list-style-type: none">Sales may decrease if certain products become subject to regulation.	<ul style="list-style-type: none">Development of chemical and biological pesticides with less risk to humans and the environment	Medium
	Opportunity	Higher evaluation of ESG investment	<ul style="list-style-type: none">Evaluation by investors may improve as efforts for sustainability are highly evaluated.	<ul style="list-style-type: none">Proactive disclosure of ESG information	Medium
		Higher evaluation by customers	<ul style="list-style-type: none">Evaluations from customers and sales partners may improve due to proactive measures against climate change and for open information disclosure.	<ul style="list-style-type: none">Same as above	Small
		Greater demand for environmentally-friendly products	<ul style="list-style-type: none">Demand for environmentally-friendly products will likely increase as people demand greater consideration for the environment.	<ul style="list-style-type: none">Development of environmentally-friendly products	Medium
		Higher demand for our products due to stricter regulations on agricultural chemicals	<ul style="list-style-type: none">Since our products have less risks, their competitiveness may increase.	<ul style="list-style-type: none">Development of chemical and biological pesticides with less risk to humans and the environment	Large
		Higher demand for biological pesticide and physical pest control	<ul style="list-style-type: none">Sales may increase for newly developed products such as biostimulants, GMO crops, and smart agriculture technologies (such as application of MAMETSUBU® by drones).	<ul style="list-style-type: none">Spread and sales of biological pesticide for smart agriculture increases	Small
“Unsustainable society” scenario	Risk	Loss of business due to increased damage from storms and floods	<ul style="list-style-type: none">Flooding and high tides cause damage to offices and supply chains, which may have a negative impact on business.	<ul style="list-style-type: none">Installing rainwater gates and drainage pumps, and formulating BCP	Medium
Common scenario	Risk	Lower demand due to a decrease in cropland	<ul style="list-style-type: none">Land usage for agriculture may decrease along with demand for agricultural chemicals due to factors such as worsening droughts as a result of climate change causing more damage from storms and floods.	<ul style="list-style-type: none">Development and distribution of agricultural inputs that help improve agricultural productivity	Large
	Opportunity	Higher demand due to population growth and increased agricultural production	<ul style="list-style-type: none">Demand and production of agricultural products will increase as the global population grows, which may increase the demand for agricultural chemicals needed to produce higher yields.	<ul style="list-style-type: none">Same as above	Large

*The “impact” is the financial impact on profit and expenses of an eventuality, and is evaluated based on the following criteria: “Large”: more than three billion yen, “Medium”: one to three billion yen, and “Small”: less than one billion yen.

Low Environmental Impact Products

In the pursuit of a more prosperous life, humans are having a significant impact on the global environment, which is the foundation of our lives. With environmental issues such as climate change, water shortages, and deforestation becoming more serious, we are firmly committed to realizing one of its key policies, “Contribution to a sustainable agricultural industry.”

Contribution to a Sustainable Agricultural Industry

Having established the Kumiai Chemical Group Basic Policy on the Environment, we research, develop, and produce environmentally-friendly products, and provide customers with products and services with low environmental impact. In doing so, we aim to indirectly contribute to the development of a recycling-oriented society by using water resources sustainably, conserving resources, and reducing waste.

Products with Low Environmental Impact

Field crop herbicide
AXEEV®



Our mainstay product, AXEEV®, is a field crop herbicide that can be used for the world’s major crops, such as soybean, wheat and corn. AXEEV® was developed with the target that has better efficacy at one-tenth the dosage compared to conventional field crop herbicides. Nowadays, AXEEV® is selling well in the U.S., Brazil, Argentina, and other countries. Demand for AXEEV® is expected to increase as a low-carbon product that not only reduces environmental impact by reducing the amount of chemicals used but is also highly-efficient during manufacturing and transportation.

Labor-saving formulation
MAMETSUBU®



MAMETSUBU® is a water-surface application formulation for paddy rice that we developed independently. The size of common granules is about 0.8 to 1.2 mm, and when applied to paddy fields, they sink to the bottom of the water and the active ingredients gradually dissolve out of the granules. On the other hand, MAMETSUBU® has larger granules (3 to 8 mm in diameter), which float on the surface of the water and disperse and disintegrate in a short time when spread in the paddy field, allowing the active ingredients to spread throughout the paddy field. Conventional herbicides for paddy rice required 1 to 3 kilograms per 10 ares. However, MAMETSUBU® requires only 250 grams per 10 ares, about one-tenth the amount of conventional products. Not only is the time and labor required for application greatly reduced, but energy use and greenhouse gas (GHG) emissions associated with the distribution of agricultural chemicals are also reduced.

Microbial pesticides
KUMIAI ECO Series



Microbial pesticides are biological pesticide that have been refined to function as pesticides by finding usable substances from bacteria and filamentous fungi that exist in nature and using proprietary culture and formulation technologies. In 2003, we began selling ECOHOPE, our first microbial pesticide, as a rice seed disinfectant. Subsequently, we launched ECOHOPE DJ, which can be stored at room temperature and has expanded the range of diseases to which it can be applied and improved the stability of its effects, and ECOSHOT, a horticultural fungicide with extremely low staining on fruit and excellent storage properties. Special cultivation that reduces the use of agricultural chemicals and fertilizers to 50% or less and environmentally-friendly IPM (Integrated Pest and Weed Management) have been attracting attention recently. Our KUMIAI ECO Series is chosen by farmers practicing special cultivation and IPM because it conforms to the Japanese Agricultural Standard (JAS) for organic agricultural products and is not counted in the number of active ingredients.

Paddy rice herbicide
NOMINEE®



There are two main methods of rice cultivation: transplanting and direct seeding. Among the latter, dry direct seeding is gaining attention in water-stressed countries due to its substantial water savings, as it involves sowing seeds directly into dry paddy fields and flooding the fields only after the seedlings are established. The paddy rice herbicide NOMINEE® is widely used in direct seeding for its high safety on rice is also for weed control, which is a problem in dry direct seeding.

Column | Raising Awareness About the Safety and Necessity of Agricultural Chemicals

The need to produce sufficient food to feed the growing population has emerged as a global issue. Agriculture itself is facing various issues such as climate change, limits to the expansion of land for cultivation, and a decrease in the number of farmers. Agricultural chemicals contribute to the resolution of these issues. A survey by the Japan Plant Protection Association shows that without the use of agricultural chemicals, the yields of rice and apples are reduced by about 24% and 97%, respectively. Other crops would also inevitably suffer from lower yields and poorer quality. Appropriate use of agricultural chemicals helps maintain quality and yields while enhancing food safety and security.

Agricultural chemicals also make a significant contribution to labor-saving in agriculture while reducing environmental impacts. In the past, 3 kilograms per hectare of active ingredient had to be applied per hectare, but thanks to technological advances, some agricultural chemicals now require as little as 30 grams per hectare. Not only is the time and labor required for application greatly reduced, but the reduced use of active ingredients also help lower environmental impact. Furthermore, energy use and GHG emissions associated with the distribution of agricultural chemicals are also reduced.

Activities to Raise Awareness about Agricultural Chemicals

We conducts awareness-raising activities to communicate accurate knowledge of agricultural chemicals and deepen understanding of agriculture.

In FY2024, we launched a new program called “Food Education Program for High School Students: Group Discussions on Food Production.” Under the theme “Let’s think about food production—what would happen if agricultural chemicals disappeared from the world?”, participating schools held group discussions and wrote reports. A total of 98 groups with 433 participants took part, and the group selected for the Excellence Award was invited to visit our Chemical Research Institute (ShIP). The report on the Excellence Award is available for download on our official



website.
https://www.kumiai-chem.co.jp/sustainability/kumika_special/06/ (in Japanese)



We have also created a series of brochures on agricultural chemicals used for crops. To date, we have published brochures on rice, apples and tangerines, capsicum and potatoes, and cabbages and tea. The brochures include cartoons to explain the role of agricultural chemicals in crop cultivation. Distributed to schools and at agriculture-related events, the brochures are also used in classes given by us at schools.

Through these activities, we aim to enhance our corporate value by disseminating accurate information on agricultural chemicals and foster an environment in which growers and our employees can handle agricultural chemicals with confidence.



Promotion of Industrial Health and Safety

Health and safety initiatives are designed to ensure that employees work in a safe and healthy environment. As a foundation for a company’s sustainable growth, health and safety is a material issue that should be prioritized in corporate management. Chemical manufacturers are required to implement a higher level of health and safety management for the chemical substances they handle and their work environment (Responsible Care). At each office, the Health & Safety Committee plays a central role in increasing employee awareness of health and safety, reflecting feedback from employees, and promoting occupational accident prevention

measures and health promotion activities. The Head Office is involved in activities through its connections with external organizations and experts, such as participation in the Occupational Safety and Health Subcommittee of the Japan Chemical Industry Association and the Chemical Protective Glove Research Group, contracts with industrial health and safety consultants, and joint research with a university professor, and supports each office. In this way, we promote company-wide health and safety activities through collaboration inside and outside Kumiai.

Initiatives for Preventing Recurrence of Occupational Accidents

We analyze the circumstances and root causes of occupational accidents, and develop and implement measures to prevent their recurrence. Reports on the status of accidents and areas for improvement are also created and managed. These reports are shared with each office via in-house groupware and are utilized to help prevent similar accidents from recurring.

Number of Occupational Accidents (New)

FY	Commuting accident	Work accident	Total	Accidents requiring time off from work
2021	5	5	10	0
2022	4	15	19	1
2023	1	6	7	1
2024	7	16	23	8
Total	17	42	59	10

Note: Direct employees of KUMIAI CHEMICAL INDUSTRY

We have a system in place to establish a Risk Response Headquarters for handling occupational accidents and incidents with a significant impact on management, while other occupational accidents and incidents are handled by individual offices (departments). In March 2024, when an accident involving a ruptured exhaust gas line occurred at No.4 Plant of the Shizuoka Factory (with no casualties), we decided to establish an Accident Response Working Group within the Responsible Care Promotion Committee. This decision was based on a directive from top management, which stressed the need for a system to properly evaluate and approve the resumption of operations from an independent standpoint, in addition to involving the relevant department, to ensure a prompt resumption in the event of a serious occupational accident or incident. The working group is composed of department-led teams responsible for the administrative secretariat, customer relations, root cause investigation, and recurrence prevention. To provide an independent perspective, the Sustainability Promotion Department, which reports directly to the Senior Managing Executive Officer, participates as a response team from the Head Office.

No.4 Plant, which had suspended production after the accident, resumed operations after the completion of restoration work and regular maintenance, as well as a completion inspection by the Fuji City Fire Department. Before resuming operations, we consulted with external experts to determine the cause of the accident and to develop appropriate safety measures. We also reviewed work procedures and conducted thorough safety training for workers.

Examples of New Health and Safety Initiatives

We introduced HAZOP* as a method for assessing the risk of explosions and fires in chemical synthesis processes. To implement this, we signed a support contract with an external expert and attended a two-day training course, which included lectures and practical exercises. Starting with No.4 Plant of the Shizuoka Factory, where the rupture accident occurred, we are rolling out HAZOP across the factory to further improve safety.



High-risk areas are assessed with HAZOP.

*HAZOP (Hazard and Operability Study): A method for assessing the safety of complex processes and equipment.

Initiatives for Responsible Care

Our Responsible Care activities are to protect the safety, health, and the environment of related people inside and outside Kumiai throughout all processes including research and development, production, sales, and use by customers through to disposal.

We are implementing Responsible Care activities as part of sustainability management. In order to improve our activities, we leverage working groups and cross-functional collaboration.

Furthermore, our group has established the Basic Policy on

Responsible Care, and management is exercising leadership in promoting Responsible Care activities. We also share information with our seven group companies that are engaged in the chemical business, to protect the environment, ensure safety and health, and to make continuous improvements.



Note: Group companies that share information: RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, KUMIKA LOGISTICS, and NEP (seven companies)

System for Promoting Responsible Care

The Responsible Care Promotion Committee, which is chaired by the Representative Director, President, includes full-time Directors and Executive Officers and department heads, and is operated by the Responsible Care Promotion Section as the secretariat. We are focusing on the following efforts to continuously improve our Responsible Care activities.

- 1 Creating goals and plans for Responsible Care activities
- 2 Progress management for Responsible Care action plans
- 3 Matters related to the Responsible Care Management System
- 4 Responsible Care internal audit reports and management reviews

Specific Initiatives concerning Responsible Care

Response to Mandatory Fit Testing

Fit testing is performed to verify that a respirator (respiratory protective equipment) is being worn properly. As part of the new chemical substance management system introduced under the newly revised Industrial Safety and Health Act, employees who wear respirators at work are now required to undergo fit testing. In response, the Head Office took the initiative to establish a fit testing system that covers all group companies. We also provided training on respirators. Fit testing will be conducted annually.



Fit testing ensures proper wearing of respiratory protective equipment.

various regions in Japan. We also visit elementary schools near our offices to give classes designed to raise awareness about the importance of agriculture and agricultural chemicals. Through these initiatives, we aim not only to enhance our corporate value by disseminating accurate information on agricultural chemicals, but also to foster an environment in which growers and our employees can handle agricultural chemicals with confidence.

Responsible Care Internal Audit

In FY2024, we selected factories and institutes, which are central to our Responsible Care (RC) activities, as the subjects of our audit. The audit reviewed the management systems (MS) and the current status of RC activities in the areas of environmental conservation, process safety and disaster prevention, industrial health and safety, logistics safety, chemicals and product safety, and dialogue with society. It was confirmed that the MS were properly implemented in each office, and that continuous improvements were being made through the application of the PDCA cycle. It was also confirmed that the processes of RC activities were clearly defined through the establishment of management regulations and procedure manuals. Going forward, we will conduct audits with a focus on on-site operations to further enhance the effectiveness of RC activities.

Dialogue and Communication with Society

Each year, we organize tours of its factories and institutes for local residents and users. These tours are a great opportunity to help visitor understand our safety awareness and initiatives through business presentations and site visits. As part of our efforts to raise awareness and deepen stakeholders’ understanding of agriculture and agricultural chemicals, we have created a series of brochures on agricultural chemicals used for crops and distributed them to elementary schools in

Respect for Human Rights

Basic Approach

Considering that respecting human rights is the foundation of sustainability management, our group has endorsed and respects the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO) and has established the Kumiai Chemical Group Basic Policy on Human Rights. Moreover, we conduct human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and collaborate with all officers and employees of our group and other stakeholders to promote respect for human rights.

Our group's Code of Conduct and Basic Policy on Human Rights state that our group prohibits discrimination based on gender, age, nationality, race, ethnicity, religion, creed, culture, customs, lifestyle, values, educational background, social status, disability, or sexual orientation/gender identity in its business activities, and respects basic human rights.

Specific Initiatives concerning Respect for Human Rights: Indicators and Targets

Based on the Kumiai Chemical Group Basic Policy on Human Rights, our group has established the Guidelines for Human Rights Due Diligence (human rights DD) to address human rights issues. Based on the guidelines, from a wide range of human rights issues (risks) we identified those that could have a negative impact on our group's business activities. As a result, upstream in the supply chain, risks that our group may contribute to negative impacts and risks that our group's business, products, and services may be related to negative impacts were assumed. Consequently, we recognize that human rights DD initiatives upstream in the supply chain should be prioritized.

A survey of our major suppliers conducted in 2023 (which included not only human rights issues, but also employment, the environment, bribery, consumer interests, and disclosure) identified no human rights risks that could have negative impacts on the supply chain. We will continue to conduct human rights DD in consideration of the best implementation method and scope of coverage.

Our group conducts a periodic compliance awareness survey covering all employees. In addition to checking the level of understanding of human rights issues, we identify the actual status of harassment, such as abuse of authority and sexual harassment, and the issues faced by each department or office, and promote awareness-raising activities. Moreover, the Kumiai Chemical Group external consultation desk has been established as an internal reporting system for early detection and early resolution of issues.

Participation in the United Nations Global Compact

In order to further enhance sustainability management, we have signed the United Nations Global Compact (UNGC) and registered as a participant as of September 18, 2023. The UNGC is a voluntary initiative in which companies and organizations participate in the creation of a global framework to achieve sustainable growth by acting as good corporate citizens, exercising responsible and creative leadership.

We support and practices the UNGC's Ten Principles, in the four areas of human rights, labor, environment, and anti-corruption, to realize a sustainable society as a global company.

Ten Principles of the United Nations Global Compact in Four Areas

Human rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labor;
	Principle 5	the effective abolition of child labor; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally-friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.



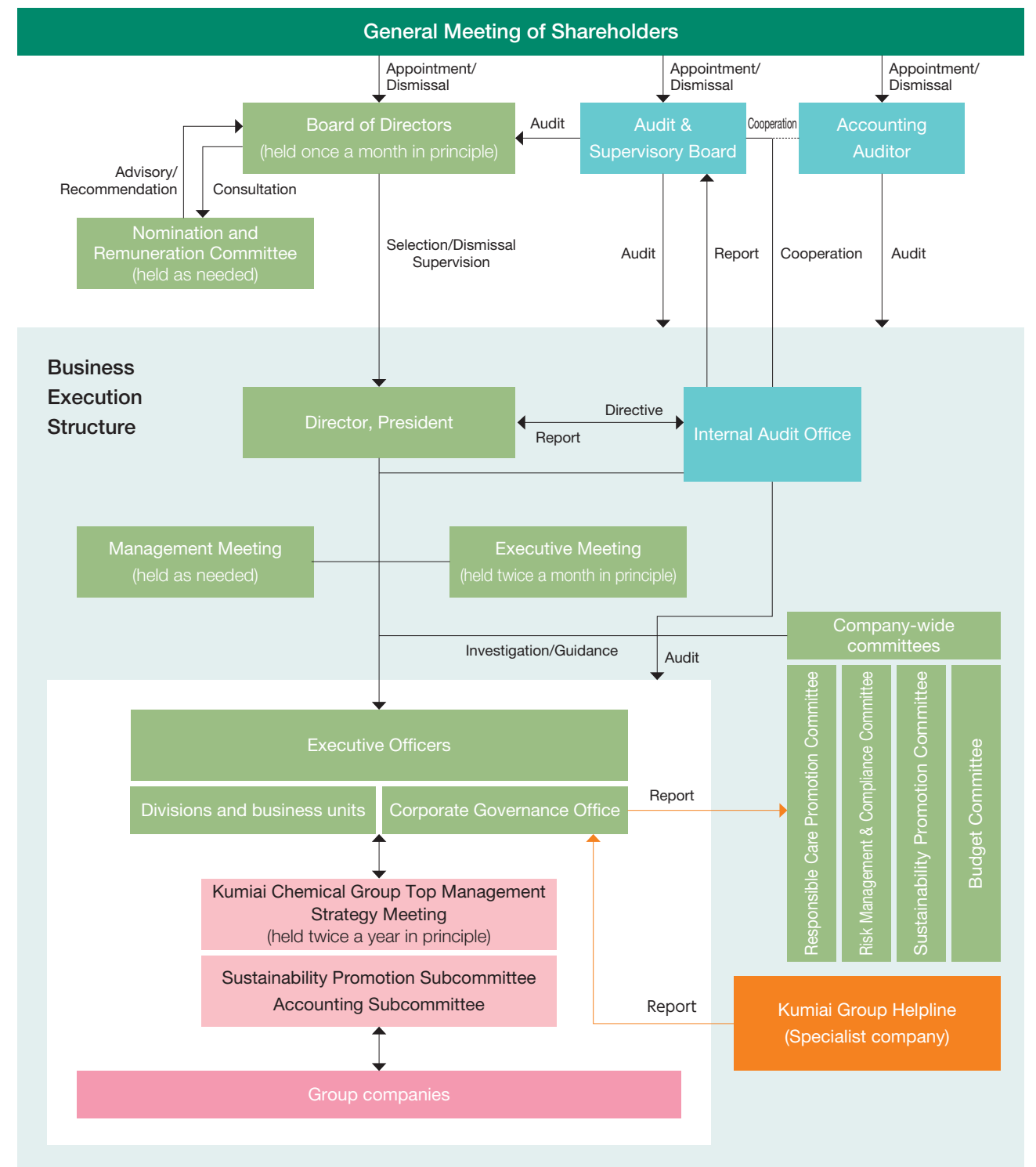
Corporate Governance

Basic Approach

It is our aim to use creative science to contribute to a safe, secure, and prosperous society in harmony with our overriding theme of "Protecting and fostering life and nature." Based on this corporate philosophy, we are endeavoring to develop and provide products that meet the needs of its customers and earn their trust.

Our group places priority on establishing a system that will allow us to swiftly adapt to changes in the management environment, and improving the management administration

Corporate Governance Framework



System to Ensure the Appropriateness of Business Operations and the Status of Operation of Such System

Based on the corporate philosophy and the Kumiai Chemical Group Basic Policy on Sustainability, we are committed to practicing sustainability management. In order to achieve this, we recognize that it is an important issue to establish a system that can respond quickly to changes in the business environment and to improve and enhance the business management system of the corporate group consisting of the Company and its subsidiaries in order to comply with laws and ethics and to further enhance management transparency.

For an overview of the status of the design and operation of the internal control system, please refer to pages 1 to 7 of the “76th Annual General Meeting of Shareholders: Other Matters Provided Electronically.”

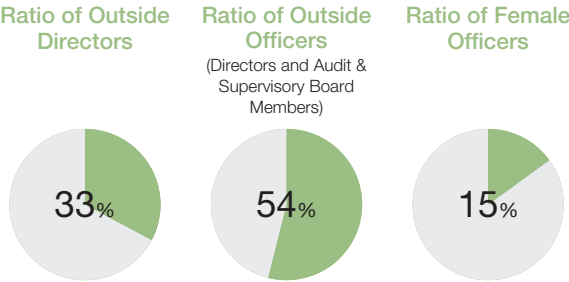
<https://ir.kumiai-chem.co.jp/ja/stock/meeting.htm> (in Japanese)

Corporate Governance Framework

We have adopted an Audit & Supervisory Board as the corporate governance framework.

We have established a Board of Directors, Management Meetings, and Executive Meetings, and employ a corporate governance framework based on their respective decisions and discussions. We established the roles of the Board of Directors, focusing on decision-making related to management policies and supervision of business execution, in order to clarify the different responsibilities of management functions and business execution, and to enhance business execution functions and speed up the decision-making process.

We are working to strengthen the auditing function of business execution by having a full-time Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member) attend the Board of Directors, the Management Meetings, Executive Meetings, and other important internal meetings. The Board of Directors, Management Meetings, and Executive Meetings operate within the scope of their respective criteria based on internal regulations for making decisions, and we have determined that the system is functioning properly as a management check function including the execution of business based on the decisions made.



Board of Directors

The Board of Directors is chaired by the Representative Director, President, and is comprised of nine Directors (including three Outside Directors), and meetings are generally held once a month where important management matters are determined, and business execution is supervised. Outside Audit & Supervisory Board Members also attend Board of Directors meetings to strengthen management check functions, and they express their opinions.

To reduce information asymmetry among the members attending the Board of Directors meetings, we set aside time at each Board of Directors meeting to report on recent developments, and share information on matters discussed at Executive Meetings, Management Meetings, and other important internal meetings held after the last Board of Directors meeting, as well as on major events. In addition, the Board of Directors generally meets once a year at one of our offices, where they also conduct a site visit.

Number of meetings held in FY2024 : 11

Matters related to the General Meeting of Shareholders; matters related to Directors, etc.; matters related to shares; matters related to financial results; acquisition of domestic companies; decision-making on policies for the Medium-Term Business Plan; promotion of sustainability management; countermeasures against AXEEV® generics; reports on recent developments to Outside Officers; and other matters.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is placed under the Board of Directors to strengthen the independence, objectivity, and accountability of Board of Directors functions in regard to nomination and remuneration of Directors. The Committee is chaired by an Independent Outside Director, and is comprised of five Directors (including three Outside Directors).

Number of meetings held in FY2024 : 2

Management Meeting

Management Meetings are chaired by the Representative Director, President, and are attended by full-time Directors and Managing Executive Officers. These are held as needed for discussing important management strategies and business operations. A full-time Audit & Supervisory Board Member also attends these meetings.

Number of meetings held in FY2024 : 12

Countermeasures against AXEEV® generics; analysis of management issues; capital investment plans; and other matters.

Executive Meeting

Executive Meetings are chaired by the Representative Director, President, and are attended by full-time Directors and Executive Officers. In principle, these are held twice a month for making decisions related to business operations. A full-time Audit & Supervisory Board Member also attends these meetings and the Corporate Advisor of Kumiai, President of RIKENGREEN, President of K-I CHEMICAL INDUSTRY, and President of K-I CHEMICAL U.S.A. attend these meetings as observers.

Number of meetings held in FY2024 : 20

Matters to be submitted to the Board of Directors; important matters related to the medium- to long-term business plan; important personnel matters; and other matters.

Audit & Supervisory Board

The Audit & Supervisory Board is chaired by a full-time Audit & Supervisory Board Member and is comprised of four Outside Audit & Supervisory Board Members. They perform audits on the fulfillment of duties by Directors from an independent perspective based on audit policies and the audit plan established by the Audit & Supervisory Board.

Number of meetings held in FY2024 : 12

Audit policies, audit plans, and audit results; status of the design and operation of the internal control system; appropriateness of the accounting auditor's audit methods and results; and other matters.

In addition, the Budget Committee, Sustainability Promotion Committee, Risk Management & Compliance Committee, and Responsible Care Promotion Committee, which are responsible for corporate governance, meet at least once a year, and the Kumiai Chemical Group Top Management Strategy Meeting is held twice a year. A full-time Audit & Supervisory Board Member attends all of these meetings.

The Internal Audit Office carries out internal audits on the status of compliance with laws and regulations, and optimization of business activities, etc. from an independent perspective, and gives specific advice for improving business operations.

Evaluating the Effectiveness of the Board of Directors

We analyze and evaluates the effectiveness of the Board of Directors once a year in order to improve its functions. In the fiscal year ended October 2024, we conducted a survey for all Directors and Audit & Supervisory Board Members,

which was supervised by an outside consultancy. Results were discussed at the Board of Directors, and then the effectiveness of the Board of Directors was analyzed and evaluated. We confirmed that the Board of Directors is operating properly and is effective. At the same time, certain items came to light related to the Board of Directors operations that require improvement, and we will continue with initiatives to improve these.

Successor Selection Process

The Nomination and Remuneration Committee, the majority of which is composed of Outside Directors, deliberates on the succession plan. In this process, the Committee discusses the specific requirements for the position of Representative Director, President, selects candidates who meet those criteria, and makes recommendations to the Board of Directors.

Remuneration for Directors

The remuneration system is designed to function as an incentive for Directors to continuously improve our corporate value. It is our basic policy to set an appropriate level based on the responsibilities of each job when determining remuneration for individual Directors. Remuneration for Directors include monetary reward and non-monetary reward (transfer restricted stock remuneration). Transfer restricted stock remuneration is given to Directors who are not Outside Directors.

Monetary reward for Directors is determined based on a comprehensive consideration of each Director's position, responsibilities, contribution to management, and consolidated performance. We also take into account its performance in reducing greenhouse gas (GHG) emissions, as well as its efforts and achievements in areas such as human rights, labor rights, and anti-corruption, when determining monetary reward.

Transfer restricted stock remuneration for Directors (excluding Outside Directors) is set to a certain percentage of monetary reward. The amount for transfer restricted stock remuneration is within the range for transfer restricted stock remuneration that has been approved at the 72nd Annual General Meeting of Shareholders.

The remuneration amount for Directors and the ratio of monetary reward to transfer restricted stock remuneration are determined after a comprehensive consideration of items such as the economic environment, market environment, and business performance within the framework of the approval given in advance at the General Meeting of Shareholders. It is determined by the Representative Director, President, selected by the Board of Directors, after deliberation and reporting by the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors, chaired by an Outside Director and is comprised mostly of Outside Directors.

Executives (as of March 31, 2025)

Directors



Representative Director, President
YOKOYAMA Masaru

April 1989	Joined the Company
August 2007	Managing Director of K-I CHEMICAL EUROPE SA/NV
January 2013	General Manager of Overseas Department
April 2013	General Manager of Overseas Marketing Department
February 2020	Executive Officer, General Manager of Corporate Planning & Coordination Department of Corporate Planning & Coordination Division
November 2021	Managing Executive Officer, Deputy Head of Corporate Planning & Coordination Division
January 2023	Director, Managing Executive Officer, Head of Corporate Planning & Coordination Division
November 2024	Representative Director, President (Current)

YOKOYAMA Masaru has established a track record in the Overseas Marketing Department and Corporate Planning & Coordination Department of the Company and has been leading the overall management of our group as a Representative Director, President since November 2024. We have nominated him as a candidate for Director with the expectation that he will continue to leverage his experience and achievements to contribute to the management of our group, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Director, Senior Managing Executive Officer
YOSHIMURA Takumi

April 1981	Joined K-I CHEMICAL RESEACH INSTITUTE CO., LTD.
July 2008	Director of K-I CHEMICAL RESEACH INSTITUTE CO., LTD.
January 2013	General Manager of Corporate Planning & Coordination Department of the Company
January 2016	Corporate Officer, General Manager of Corporate Planning & Coordination Department
January 2017	Executive Officer, General Manager of Corporate Planning & Coordination Department
May 2017	Executive Officer, Deputy Head of Research & Development Division
February 2020	Executive Officer, General Manager of General & Personal Affairs Department of Corporate Planning & Coordination Division
January 2021	Managing Executive Officer, Deputy Head of Corporate Planning & Coordination Division
November 2021	Managing Executive Officer, Head of Corporate Planning & Coordination Division
January 2023	Director, Senior Managing Executive Officer (Current)

YOSHIMURA Takumi has established a track record in the Research & Development Division and Corporate Planning & Coordination Division of the Company. Based on his experience and achievements, we believe that he is capable of further strengthening our management structure and have nominated him as a candidate for Director, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Representative Director, Senior Managing Executive Officer
IMAI Katsuki

April 1991	Joined National Federation of Agricultural Cooperative Associations ("ZEN-NOH")
April 2018	General Manager of Agrochemical A.I.s Development Section, Fertilizers and Agrochemicals Division, Main Office of ZEN-NOH
April 2019	General Manager of Agrochemicals Section, Crop Production Division, Main Office of ZEN-NOH
April 2021	Vice President of Agribusiness General Planning Division, Main Office of ZEN-NOH
April 2022	Auditor (part-time) of ZM Crop Protection Corporation
June 2022	Auditor (part-time) of Hokuren Cooperative Feed Mills Co., Ltd.
June 2022	Director of Hokkaido Regional Agricultural Research Institute
June 2022	Regional President of Corporate Planning Division, Main Office of ZEN-NOH
January 2025	Representative Director, Senior Managing Executive Officer, Head of Overseas Sales Division of the Company (Current)

IMAI Katsuki has established a track record at the National Federation of Agricultural Cooperative Associations in the Fertilizers and Agrochemicals Division and Agribusiness General Planning Division, and has been leading its Corporate Planning Division since 2022. We have nominated him as a candidate for Director with the expectation that he will leverage his experience and achievements to contribute to the management of our group, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Director, Managing Executive Officer
IKAWA Teruhiko

April 1984	Joined Ihara Chemical Industry Co., Ltd. ("Ihara")
January 2007	General Manager, Procurement Department of Production Division of Ihara
January 2010	General Manager, Procurement Department of Procurement Division of Ihara
January 2011	Director, General Manager of Procurement Department of Production & Procurement Division of Ihara
January 2012	Director, Head of Production & Procurement Division of Ihara
June 2012	Director, General Manager of Procurement Department of Ihara
July 2013	Director, Head of SCM Business Division of Ihara
January 2016	Executive Officer, Head of SCM Business Division of Ihara
May 2017	Director, General Manager of Chemical Sales Department of Chemical & Specialty Products Sales Division of the Company
January 2019	Director, Deputy Head of Production & Procurement Division
January 2021	Director, Managing Executive Officer, Head of Production & Procurement Division (Current)

IKAWA Teruhiko has led chemical product departments as an Executive Officer, Head of SCM Business Division at Ihara Chemical Industry Co., Ltd. In addition to this experience and track record, he continued to lead the Chemical & Specialty Products Sales Division and Production & Procurement Division as a Director of the Company following the business integration in May 2017. We have nominated him as a candidate for Director with the expectation that he will continue to leverage his experience and achievements to contribute to the management of our group, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.

Directors



Director, Managing Executive Officer
YAMAJI Yoshihiro

April 1994	Joined the Company
May 2017	Section Manager of Planning & Coordination Section of Research & Development Planning Department
March 2020	General Manager of Corporate Strategy Office
May 2023	Director and President of K-I CHEMICAL U.S.A. INC.
November 2024	Managing Executive Officer, Head of Corporate Planning & Coordination Division of the Company
January 2025	Director, Managing Executive Officer, Head of Corporate Planning & Coordination Division of the Company (Current)

YAMAJI Yoshihiro has established a track record at the Company in the Research & Development Planning Department under the Research & Development Division as well as in the Corporate Planning & Coordination Division. In addition, based on his experience and track record as a corporate manager, we believe that he is capable of further strengthening our management structure and have nominated him as a candidate for Director, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Outside Director
NISHIO Tadahisa

April 1973	Joined Suzuyo & Co., Ltd. ("Suzuyo")
November 2004	Executive Officer, General Manager of Container Terminal Department of Suzuyo
April 2005	Executive Officer, General Manager of Shipping & Bonded Warehouse Operations Department of Suzuyo
June 2006	Executive Officer, General Manager of Port Business Division of Suzuyo
November 2007	Managing Director, General Manager of Port Business Division of Suzuyo
November 2011	Senior Managing Director, General Manager of Port Business Division of Suzuyo
November 2014	Senior Managing Director of Suzuyo
January 2015	Director of Ihara Chemical Industry Co., Ltd.
September 2015	Senior Managing Director of Suzuyo
November 2016	Representative Executive Vice President of Suzuyo (Current)
May 2017	Director of the Company (Current)

We have nominated NISHIO Tadahisa as a candidate for Outside Director with the expectation that he will continue to leverage his long years of experience and broad knowledge as a corporate manager to contribute to the management of our group, and he was appointed as an Outside Director at the 76th Annual General Meeting of Shareholders.



Outside Director
YAMANASHI Chisato

April 2006	Joined Tokyo Style Co. Ltd. (currently TSI HOLDINGS CO., LTD.)
October 2008	Joined CRAYON Inc.
October 2017	Joined Sumitomo Realty & Development Co., Ltd.
October 2020	Director, Shizuoka Shell sekiyu hanbai k.k.
January 2023	Director of the Company (Current)
March 2023	Managing Director, Shizuoka Shell sekiyu hanbai k.k.
March 2025	Senior Managing Director, Shizuoka Shell sekiyu hanbai k.k. (Current)

We have nominated YAMANASHI Chisato as a candidate for Outside Director, since we believe that she will leverage her experience and broad knowledge as a corporate manager at Shizuoka Shell sekiyu hanbai k.k. and is capable of further strengthening our management structure, and she was appointed as an Outside Director at the 76th Annual General Meeting of Shareholders.



Director, Managing Executive Officer
IWATA Kouichi

April 1990	Joined the Company
June 2015	General Manager of Tokyo Branch
February 2018	General Manager of Planning & Promotion Department
January 2019	General Manager of Marketing Department and Planning & Promotion Department
February 2020	General Manager of Marketing Department
January 2021	Executive Officer, General Manager of Marketing Department
January 2023	Managing Executive Officer, Head of Domestic Sales Division
January 2025	Director, Managing Executive Officer, Head of Domestic Sales Division (Current)

IWATA Kouichi has established a track record in the Domestic Sales Division of the Company. Based on his experience and achievements, we believe that he is capable of further strengthening our management structure and have nominated him as a candidate for Director, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Outside Director
IKEDA Kanji

April 2004	Professor, Faculty of Social Sciences and Graduate School of Public Policy, Hosei University
January 2016	Director of the Company (Current)
April 2023	Professor Emeritus of Hosei University (Current)

We have nominated IKEDA Kanji as a candidate for Outside Director with the expectation that he will continue to leverage his experience and profound academic knowledge, which he developed over many years through environmental sociology research related to global agriculture as a university professor, to contribute to the management of our group, and he was appointed as an Outside Director at the 76th Annual General Meeting of Shareholders.

Executives (as of March 31, 2025)

Audit & Supervisory Board Members



Full-time Outside Audit & Supervisory Board Member
NAKAJIMA Takahiro

April 1989
February 2004
July 2009
July 2010
June 2011
June 2013
June 2016
July 2017
April 2018
April 2020
June 2020
January 2025
January 2025

Joined The Norinchukin Bank ("Norinchukin")
Senior Manager of Credit and Alternative Investments Division of Norinchukin
Senior Manager of Corporate Planning Division of Norinchukin
Deputy General Manager of Corporate Planning Division of Norinchukin
Seconded to JA Mitsui Leasing, Ltd. from Norinchukin
General Manager of Osaka Branch of Norinchukin
General Manager of Food & Agri Business Planning Division of Norinchukin
Executive Officer, General Manager of Food & Agri Business Planning Division of Norinchukin
Managing Executive Officer of Norinchukin
Senior Executive Managing Officer of JA Mitsui Leasing, Ltd.
Director, Senior Executive Managing Officer of JA Mitsui Leasing, Ltd.
Advisor of JA Mitsui Leasing, Ltd.
Full-time Audit & Supervisory Board Member of the Company (Current)

We have nominated NAKAJIMA Takahiro as a candidate for Outside Audit & Supervisory Board Member, since we believe that he will apply his extensive experience and broad knowledge acquired at financial institutions to the Company's audit, and he was appointed as a substitute Outside Audit & Supervisory Board Member at the 76th Annual General Meeting of Shareholders.



Outside Audit & Supervisory Board Member
SUZUKI Tomitaka

April 1993
April 2015
April 2019
April 2021
January 2025
January 2025

Joined National Federation of Agricultural Cooperative Associations ("ZEN-NOH")
General Manager of Packaging Materials Section, Agricultural Materials and Machinery Division, Main Office of ZEN-NOH
General Manager of General Administration Section, Crop Production Division, Main Office of ZEN-NOH
Vice President of Crop Production Division, Main Office of ZEN-NOH
President of Agribusiness General Planning Division of ZEN-NOH (Current)
Audit & Supervisory Board Member of the Company (Current)

We have nominated SUZUKI Tomitaka as a candidate for Outside Audit & Supervisory Board Member, since we believe that he will apply his long years of experience and broad knowledge acquired at the National Federation of Agricultural Cooperative Associations to the Company's audit, and he was appointed as a substitute Outside Audit & Supervisory Board Member at the 76th Annual General Meeting of Shareholders.



Outside Audit & Supervisory Board Member
SUKEGAWA Ryuji

April 1978
April 2005
April 2006
August 2008
April 2010
August 2010
June 2013
July 2015
July 2016
June 2017
January 2021
June 2021

Joined National Mutual Insurance Federation of Agricultural Cooperatives ("ZENKYOREN")
President of System Development Division, National Headquarters of ZENKYOREN
President of IT Planning Division, National Headquarters of ZENKYOREN
President of Corporate Planning Division, National Headquarters of ZENKYOREN
President of Public Relations Division, National Headquarters of ZENKYOREN
Representative Director, Senior Executive Vice President of Chuo Computer Systems Co., Ltd.
Representative Director, President of Chuo Computer Systems Co., Ltd.
Executive Vice President of ZENKYOREN
Senior Executive Vice President of ZENKYOREN
President of The Kyoei Fire and Marine Insurance Company, Limited ("Kyoekasai")
Audit & Supervisory Board Member of the Company (Current)
Executive Advisor of Kyoekasai (Current)

We have nominated SUKEGAWA Ryuji as a candidate for Outside Audit & Supervisory Board Member, since we believe that he will apply his extensive experience and broad knowledge acquired at financial institutions and his long years of experience and broad knowledge as a corporate manager in Kyoekasai to the Company's audit, and he was appointed as an Outside Audit & Supervisory Board Member at the 75th Annual General Meeting of Shareholders.



Outside Audit & Supervisory Board Member
SHIRATORI Miwako

April 2005
August 2010
April 2014
May 2017

Joined FUJOU AUDIT CORPORATION
President of Miwako CPA Firm (Current)
Representative Partner of Shizuoka Mirai Tax Corporation (Current)
Audit & Supervisory Board Member of the Company (Current)

We have nominated SHIRATORI Miwako as a candidate for Outside Audit & Supervisory Board Member, since we believe that she will apply her extensive experience and broad knowledge as a certified public accountant and tax accountant to the Company's audit, and she was appointed as an Outside Audit & Supervisory Board Member at the 75th Annual General Meeting of Shareholders.

Skills Matrix: Skills, Roles, Expertise and Experience Expected by the Board of Directors Expected items: ●

		Corporate management	ESG / Sustainability	Legal affairs / Compliance / Risk management	Financial strategy / Capital strategy	Global experience	R&D / Technologies
Directors	YOKOYAMA Masaru	●	●	●	●	●	
	IMAI Katsuki	●				●	●
	YOSHIMURA Takumi		●	●			●
	IKAWA Teruhiko		●			●	●
	YAMAJI Yoshihiro	●			●	●	
	IWATA Kouichi		●	●			●
	NISHIO Tadahisa	●			●	●	
	IKEDA Kanji		●	●		●	
Audit & Supervisory Board Members	YAMANASHI Chisato	●	●	●			
	NAKAJIMA Takahiro	●		●	●		
	SUZUKI Tomitaka		●		●		●
	SUKEGAWA Ryuji	●		●	●		
	SHIRATORI Miwako		●	●	●		

Executive Officer

Managing Executive Officer URUSHIBATA Ikumi	Managing Executive Officer YANO Hiroyuki	Managing Executive Officer KATAGIRI Sadamitsu	Managing Executive Officer NIIGAWA Kazuya	Executive Officer INOUE Jun
Executive Officer IKEUCHI Toshihiro	Executive Officer NAKANO Yuki	Executive Officer KONAGAI Kiyoshi	Executive Officer KAWASHIMA Takahiro	

Aiming for the Improvement of Corporate Governance

“Improvement of Corporate Governance” is one of the seven key policies of the Medium-Term Business Plan. Our three Outside Directors exchange their opinions on the enhancement of corporate value and strengthening of risk management and compliance.



Outside Director NISHIO Tadahisa Outside Director IKEDA Kanji Outside Director YAMANASHI Chisato

Strengthening of Financial Structure and Demonstration of Creativity to Be Tested Under New System

About the New System Started in 2024

NISHIO: With the appointment of Mr. YOKOYAMA as President on November 1, 2024, a new system started. The basic policy is based on the Medium-Term Business Plan that is currently underway. Mr. YOKOYAMA was a core member of the team that formulated the Medium-Term Business Plan alongside former President, Mr. TAKAGI. While building on the strong management foundations established under the previous leadership team, the new team has clearly shown that they will not shy away from change, and all of the executives appear to be moving in the same direction.

On the other hand, Mr. YOKOYAMA's appointment coincided with a time of drastic change in the management environment. For this reason, I believe that he has a stronger awareness of the need to strengthen the financial structure, including profitability and share price. The “social contribution through business” that Mr. YOKOYAMA has emphasized contains a message that no matter how wonderful our philosophy may be, if there is no profit, there can be no social contribution. Mr. Yokohama himself has declared that the company will create a breakthrough in R&D to follow on from AXEEV® during his tenure, so I have great hopes for him.

IKEDA: In the appointment of Mr. YOKOYAMA as the new President, I fulfilled a small role as a member of the Nomination and Remuneration Committee. In the nomination process, Mr. TAKAGI clearly outlined the qualifications required for the top position, and I felt that the selection process was highly transparent. In addition, under the new system, the appropriate people have been assigned to the appropriate positions. To powerfully embrace the challenge of new issues based on the foundation of innovation established by the previous system. I think we can say that we have a team that has such strengths.

YAMANASHI: Mr. TAKAGI's intention regarding his successor was that he wanted to pass the baton onto someone who could run faster and longer than himself. My impression of Mr. YOKOYAMA is that of a leader of a character who treats everyone equally, regardless of position. While inheriting the intentions of his predecessor, I have expectations that he will take on the challenge with new sensibilities and that he will become a presence who will propel Kumiai forward swiftly over the long term.



To Overcome Major Profit Decline and Further Enhance Corporate Value

Review of the FY2024 Results

NISHIO: Thanks to the continued growth supported by sales of AXEEV®, the company achieved record-high net sales of 161.0 billion yen in the final year of the previous Medium-Term Business Plan. However, the situation took an about-turn in FY2024, and although net sales remained level, operating profit took a major dive. The impact of inventory adjustments was likely a temporary factor in this decline, but from a more over-arching perspective, the growing prevalence of generic products will warrant serious consideration. In particular, the problems of legal action in China and Australia have become a major topic on the agenda of Board of Directors meetings. The company will need to address patent infringement countermeasures over the medium to long term.

On the other hand, the Fine Chemicals Business achieved what I regard as a strong performance, with net sales increasing by approximately 11% year on year and operating profit by approximately 46%. The growth of semiconductor demand is behind this result, and we expect that growth to continue this fiscal year and beyond. However, net sales in the Fine Chemicals Business accounts for only about 16% of the whole, so this business is still a long way from being described as a pillar of management. Further resources will need to be

poured into it and strategies will need to be refined.

IKEDA: The deterioration in results in FY2024 is something that all of the Directors are taking seriously. While we are still at the stage of receiving reports of detailed analysis, the situation is being addressed calmly and objectively, and I do feel that there is a shared awareness of the issues. In regards to patent infringement countermeasures, the achievement of settlements in Kumiai's favor in legal proceedings to date is worthy of attention. The experiential value gained from the series of legal actions will surely be put to use going forward.

The immediate challenge is to maintain and expand results in the AXEEV® business, but at the same time, research and development of new active ingredient is also needed. The strong performance of the Fine Chemicals Business is something to be welcomed, so the company should now work to accelerate the expansion of that business, with a focus on bis-maleimides.

YAMANASHI: Regarding AXEEV®, it would appear that one particular business model has shifted from a growth stage to a maturity stage and is now entering a phase in which it must confront change. As the causes of the profit decline are being analyzed, it will also be important to keep other changes in the environment in mind. Over the past twelve months, the Board of Directors has been working to implement a variety of policies, and we have been reviewing strategies, including other businesses. I think the effects of these efforts will start to appear in the results of the next fiscal year and beyond.

IKEDA: Along with the business results, it is also a fact that the share price has been sluggish since FY2024. If we were to look at this with a severe eye, it is not necessarily the case that the share price will improve even if business results recover. What is important is to make the company's corporate value visible to investors. If we can communicate business growth clearly, that will likely link to the share price, so I believe that developing mechanisms for the dissemination of information is another challenge.

Strengthening the Governance Framework for the Practice of Sustainability Management

Kumiai's Corporate Governance

NISHIO: The role of the Outside Directors is to monitor and supervise to realize sound corporate management. In business strategies and visions, we strive constantly to notice issues and risks that are prone to being overlooked by internal judgments alone and to make recommendations from an objective and neutral position.

In the modern age of increasingly diverse stakeholders, in a

growing number of companies, judgments and inappropriate decisions that ignored the existence of local communities and shareholders have resulted in the discovery of improper conduct and in a loss of trust in those companies. Kumiai upholds a strong sense of ethics, and happily, we have observed no signs of compliance breaches at this time. However, the need for thorough transparency of management remains unchanged, so I will continue my monitoring and supervision efforts.

YAMANASHI: Having been appointed as an Outside Director from an outside company, I see my role as strengthening compliance and risk management. When I first assumed this position, Mr. TAKAGI told me that he hoped that I would express opinions from viewpoints that the other officers did not hold. As is the case with overseas companies, the true significance of a governance framework lies in giving people with diverse values the chance to exchange opinions from independent standpoints. I imagine that this was Mr. TAKAGI's intent.

The atmosphere in meetings of Kumiai's Board of Directors is always egalitarian, and my impression is that genuine attention is paid to my opinions, despite my completely different professional background. Going forward, I would particularly like to incorporate the viewpoints of consumers and women and make frank recommendations about the risks and potential of Kumiai.

IKEDA: The Board of Directors meetings have a free and open atmosphere, and I feel that it is easy to have discussions, even as an Outside Director. My role is to express opinions from a specialist standpoint, mainly in the sustainability and R&D areas. While the steady progress being made in sustainability management is to be commended, there are still deep-rooted misunderstandings and prejudices against agricultural chemicals and fine chemicals among the general public in terms of the environment. More proactive efforts should be made to communicate to stakeholders the fact that Kumiai's business is contributing to the global environment and to society and the economy.

YAMANASHI: In Kumiai's case, conveying the safety of agricultural chemicals in particular is a matter of urgency. The company is currently engaged in educating the next generation, targeting elementary and high school students, but I think that these awareness-raising activities should be stepped up even further.

IKEDA: In terms of R&D, the environment for improving performance is steadily being developed, with the Chemical Research Institute (ShIP) at the center of those efforts. Sowing the seeds for new discoveries and inventions and growing them in that ground is the challenge for the future. To that end, the development of fresh human capital with a wealth of imagination will be essential. Exchanges with other industries, both here in Japan and overseas, as well as

collaborations with academic research institutions, are already being progressed, but these measures should also be accelerated.

For Further Growth Amid a Rapidly Changing International Situation and Global Environment

Strengthening Risk Management and Compliance Promotion

YAMANASHI: In the Medium-Term Business Plan, strengthening of risk management and compliance promotion have been set as the foundations of corporate management. Kumiai is currently advancing a stringent awareness-raising campaign about risk management and compliance among its employees. So that each individual can take ownership, a variety of ingenious methods have been adopted, such as expressing the issues in picture book and manga form, and initiatives aimed at the understanding and penetration of compliance are steadily continuing. I consider this to be worthy of commendation.

IKEDA: In the area of compliance, society's demands are becoming more and more complex. Even the approach to work varies significantly across generations. We would



probably need to investigate individual circumstances as we proceed with actions.

In risk management as well, changes in international circumstances are becoming increasingly intense. Given that overseas sales now account for 60% of total sales, the fact is that Kumiai is susceptible to the impacts of global risk. It will need to be constantly on guard to ensure that diverse risks remain within the range of expectations. The greatest of those risks is the climate change crisis. The planet is currently experiencing unprecedented high temperatures, excessive droughts, and even the possibility of crops being attacked by pests that have not previously been a problem. A situation that makes maintaining food production difficult would be a crisis, but it also represents an opportunity for agricultural chemicals to fulfill their mission. By anticipating needs and pursuing research in cutting-edge fields, Kumiai will see its potential to contribute to future society grow and expand.

NISHIO: The external environment, including the international situation, will likely remain unstable into the future. On the other hand, global trends also have the potential to be a tailwind for the company, such as total global population growth leading to demand for agricultural chemicals. The risk factor in those circumstances is the presence of competitors. In particular, due to the downturn in the chemical industry, there is an increasing trend to enter and focus efforts on the agricultural chemical area, where growth is expected. A situation in which another company comes up with a revolutionary



product and Kumiai falls behind must be avoided. Swift action should be taken to drive the creation of breakthroughs in R&D.

YAMANASHI: In this day and age, when diverse social changes are intricately intertwined, cross-departmental collaboration will be effective. For example, the insights in legal responses in the overseas business gained through the responses to patent-infringing products should be useful in other businesses. Because each department has different know-how, I expect that bringing that know-how together across the entire company from a risk response perspective would create a synergy effect.

Holding Repeated Dialogue with All Stakeholders to Share the Vision for the Future

Dialogue and Cooperation with Stakeholders

NISHIO: Companies today have many different stakeholders, including investors, employees, customers, business partners, local residents, and government organizations. The impact of business activities on those stakeholders also varies greatly, such as distribution of profits for shareholders, wages and workplace environments for employees, and the economy and pollution for local residents. Depending on their standpoints, stakeholders also have different needs and concerns, so there will sometimes be a conflict between the benefits they receive and the damage inflicted on them. For this very reason, companies need to build good relationships with each of these stakeholder groups through dialogue.

What is important in this regard is to communicate highly transparent messages to those stakeholders. Kumiai surely possesses many strengths, such as its excellent products, including AXEEV® and EFFEEDA®, its R&D capabilities demonstrated by the provision of those products, its responses to climate change and other social issues, and its sense of mission toward food production. Through these strengths, I believe that it is all the more important to communicate the messages that Kumiai will contribute to the realization of a safe, secure, and prosperous society and that it will create sustainable agriculture.

IKEDA: In particular, the areas where Kumiai can demonstrate its uniqueness are its development and technological capabilities. However, no numerical indications have been presented of how much the outcomes of those capabilities are contributing to food production in Japan and overseas and how much the Fine Chemicals Business is helping to improve consumers' lives. More efforts should be concentrated on communicating in a clear way to all stakeholders, from shareholders to end consumers, the current status of the

social contributions that Kumiai is making.

In particular, even though Kumiai's products are being used in the field in agricultural production in Japan and overseas, there is not enough understanding of the actual scenarios in which they are being used and why they are realizing the stabilization and improved efficiency of production. I believe that it would be worth reexamining the company's communication processes, from the use of internet media to visually accessible commentaries and detailed explanations in PR materials. No matter how excellent a business may be, if the information is not being communicated, it cannot receive the support of stakeholders. That is why more proactive public relations activities should be pursued.

YAMANASHI: As exemplified by the increase in individual investors, we may refer collectively to stakeholders, but their needs are many and varied. Corporate value is likely to be judged from increasingly diverse perspectives from now on. However, even amid such diversity, the universal hope for "safety and security" will never waver. Guaranteeing the safety of business and products and building up trust in them should be constantly at the top of our minds.

Human Capital Management

YAMANASHI: Safety and security are strengths of Kumiai. In my interactions with many employees, I have felt a real sense of the company's sincere and honest corporate culture. Steady R&D efforts, sales activities that emphasize trust, and a transparent management structure are key factors that support our strengths.

Another distinctive feature is the inclusive culture, in which—in a good way—I, personally, rarely feel conscious of being a woman. If we can grow into a company that can navigate the age of diversity, where employees of diverse values and attributes participate more actively, it will surely be able to respond to the increasingly diverse needs of society. To that end, efforts should also be focused on more visible initiatives, such as increasing the number of female role models advancing into managerial and executive positions.

IKEDA: I am constantly struck by how many honest and sincere employees this company has. In fact, I sometimes feel that it wouldn't hurt to allow a certain amount of "playful" behavior now and then. In R&D in particular, in a positive sense, it is often important to have out-of-the-box ideas. We may occasionally need a corporate culture that respects the agile footwork and flexibility of thinking that the younger generation of employees possesses.

NISHIO: It is also important to make the workplace environment better, such as work-life balance and the practice of KENKO Investment for Health. When I look at Kumiai's in-house magazine, I am astounded by how many of its employees are passionate about their hobbies. Job turnover

is also exceptionally low, and people are staying with the company for a long time. It is precisely because top management considers the employees when managing the company that there are so many employees working energetically.

YAMANASHI: Initiatives aimed at balancing work and private life are currently being progressed, such as the adoption of a scheme that allows employees to choose their own working hours. On the other hand, when we look at society, there are many families that face the pressures of caring for children and elderly family members, giving rise to even greater demand for more work style options. The realization of diverse work styles will have a positive effect on human capital acquisition, which is likely to become more difficult as the working population decreases. Human capital management in line with social circumstances is sure to be effective on the management front as well.

Turning Risks into Business Opportunities and Creating New Value

Message to Stakeholders

NISHIO: Amid an unstable, uncertain external environment, corporate management will become increasingly complicated. Even under these circumstances, as President, Mr. YOKOYAMA has a responsibility to accomplish the Medium-Term Business Plan and to enhance the company's R&D capabilities and human capital. For the corporate value of Kumiai to increase, as an Outside Director, I will steadfastly make recommendations and voice my opinions, and provide back-up for the new system under Mr. YOKOYAMA.

IKEDA: The worsening environmental changes surrounding food production, including climate change, are a challenge for all humanity. However, this is where Kumiai comes into its own. I hope to present more clearly an approach of changing risks into business opportunities and stepping forward together into the next era alongside the company's stakeholders.

YAMANASHI: There is no doubt that executives and employees have started to unite as one toward the next growth of Kumiai. If it can speed up that process, it will surely be able to take the leap to become a company that responds to new needs. For that to happen, it is essential that all stakeholders identify with the company. For Kumiai to be a company that realizes sustainable management and diverse human capital can play active roles, as an Outside Director, I will strive for the greater sophistication of corporate governance.

Compliance

Basic Policy on Compliance

We established the Kumiai Chemical Group Basic Policy on Compliance based on the Kumiai Chemical Group Basic Policy on Sustainability. To ensure that every officer and employee acts in accordance with our corporate philosophy and Code of Conduct and demonstrates correct behavior, we have established a set of guidelines, the Kumiai Chemical Ethical Standards, which are also included in the booklet and inculcated in our group.

Basic Policy on Compliance

The Kumiai Chemical Group promotes and raises awareness of compliance by providing constant compliance education and awareness-raising activities to foster a corporate culture which enables officers and employees to act in accordance with our Corporate Philosophy and Code of Conduct.

Three fundamentals of compliance

1 Stimulate communication in workplaces

Officers and employees can always raise the alarm, ask for help when they need it, communicate their perceptions to their supervisors and seniors, and speak up when they feel uncomfortable in workplaces.

2 Officers and employees consider their own words and actions from the perspective of how they would be viewed by the public if they were featured on the television news.

Officers and employees take a moment to stop and think calmly to ensure they do not misjudge the perspective of society (common sense and feelings of the public).

3 Act based on an awareness of representing the company at all times

Each and every officer and employee should be aware that they represent the company at all times. It is obvious to others that officers and employees are with the company, although they themselves may forget it. Officers and employees will always be associated with the company in the minds of others even after they leave the company.

Based on these three fundamentals of compliance, we pursue not only “defensive compliance,” but also “offensive compliance,” and strive to earn the trust of society and achieve the sustainable enhancement of corporate value.

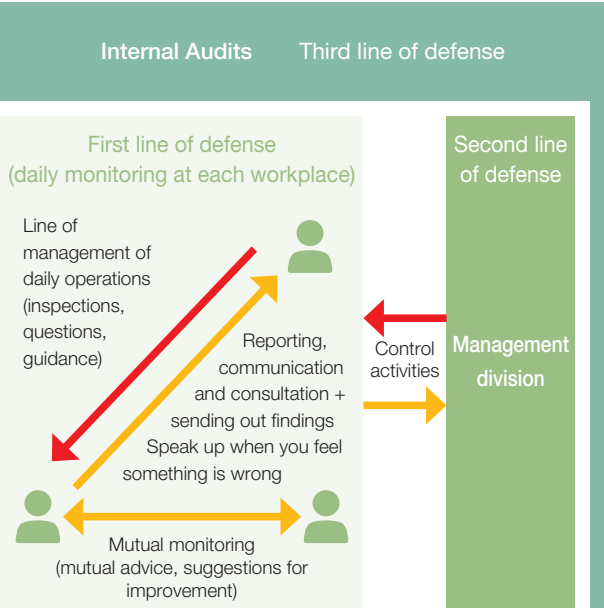
Monitoring and Control with Compliance and Internal Control

Our group performs mutual monitoring and control within business divisions and within departments on compliance and internal control.

To prevent misconduct and mistakes by individuals, we

conduct routine three-way monitoring at each workplace, including (1) daily monitoring by supervisors, (2) cross-monitoring among colleagues in the workplace, and (3) sharing individual awareness with superiors and seniors. This routine monitoring is the first line of defense. We have also added monitoring that is handled by management divisions and internal audits to increase the effectiveness of internal control.

There could be cases where a certain custom in a company is actually a law violation without it being recognized as misconduct. Therefore, it is essential for individuals to speak up when they feel something is wrong. We review procedures for this and update manuals as necessary to improve the effectiveness of internal control.



System

We have the Risk Management & Compliance Committee, which is chaired by the Representative Director, President, and comprises full-time Directors and Executive Officers and department heads. The committee meets once a year and additionally whenever necessary to deliberate on and approve the implementation plan of the compliance program formulated by each department. The situation of implementation and the results are reported at the committee. Furthermore, the overview of internal reporting, results of a compliance awareness survey, and compliance promotion activities are reported, and corrective measures are discussed.

Internal Reporting System

We have established an internal consultation desk. Moreover, our group has established the Kumiai Chemical Group external consultation desk whose operation is contracted to a specialist company. The external consultation desk also serves as the contact point for internal whistleblowing* under the Whistleblower Protection Act.

The Corporate Governance Office serves as the contact point for the internal reporting system and Audit & Supervisory Board Members receive information provided through the internal reporting system.

The number of reports to the internal reporting system during FY2024 was 14 for our group (6 for Kumiai), of which two were whistleblowing cases. Investigations found that both whistleblowing reports were based on misunderstandings by the whistleblowers, and no misconduct or violations were identified.

To promote the use of the internal reporting system and raise awareness of its proper use, we have posted FAQ on how to use the external consultation desk, prepared and displayed posters, and included the contact information of the external consultation desk in the monthly compliance newsletter.

* Whistleblowing: The act of a worker, former employee, or officer reporting misconduct by the party they serve through a designated reporting channel, without improper intent.

Compliance Awareness Survey

Our group conducts a periodic compliance awareness survey covering all employees. The FY2023 survey confirmed that the overall level of employee awareness remains very high. On the other hand, generational differences in awareness regarding harassment and lack of communication in the workplace were identified as issues.

Compliance Education

Following the booklet “Introduction to CSR for Business persons,” we produced “Introduction to CSR for Business persons Part 2” and distributed it to all officers and employees of our group. By encouraging the use of cartoon-illustrated booklets published so far (booklets on compliance, risk management, and sustainability), we are raising the level of awareness throughout our group and enhance corporate value. We also produced a booklet explaining the concept of belonging and distributed it to all officers and employees of our group.

We conduct compliance training for new graduate hires and mid-career hires. In



Booklet explaining the concept of belonging

July 2024, we conducted an e-learning training course titled “Understanding Anti-Bribery and Corruption Laws” for all officers and employees. In addition, starting in September 2024, we introduced a mandatory e-learning course for all officers and employees, to be completed every two months, to promote the acquisition of a broad range of knowledge, including compliance, harassment, and corporate ethics.

Distribution of a Compliance Newsletter

As part of our compliance promotion activities, we distribute the Kumiai Chemical Group Compliance Newsletter and Newsletter Plus to all officers and employees of our group each month.

Furthermore, we distribute a monthly Compliance E-mail Magazine to managerial personnel at Kumiai. Cases of fraud, noncompliance, and harassment that have attracted public attention are explained that are useful for compliance promotion activities in the workplace.

Anti-Bribery and Corruption Initiatives

We have established the Kumiai Chemical Group Basic Policy on Preventing Bribery and Corruption, and declared our commitment to preventing bribery and corruption.

For overseas transactions, we have established the Guidelines on the Provision of Benefits and the Expense of Coverage for Foreign Public Officials and the Guidelines on the Appointment of Agents.

In July 2024, we conducted e-learning compliance training on anti-bribery and corruption laws for all officers and employees (participation rate: 98%).

Declaration of Partnership Building

Kumiai announced the Declaration of Partnership Building in September 2024. To achieve sustainable growth, we will expand our business domains and promote new businesses through collaboration with new partners, while at the same time leveraging our group’s technologies and expertise to contribute to the conservation of the global environment. We are also committed to shifting our payments to cash and electronically recorded monetary claims in preparation for the abolition of promissory notes, and to ensuring fair working conditions based on the Basic Policy on Human Capital Management.

Data on Compliance		Unit	FY2021	FY2022	FY2023	FY2024
Number of reports and consultations made to the internal reporting system (Helpline)	Cases		11 (2)	13 (5)	13 (6)	14(6)
Fines and settlement costs related to bribery	Millions of yen		0	0	0	0
Fines and settlement costs related to anti-competitive practices	Millions of yen		0	0	0	0

Note: The above data is for Kumiai Chemical Group. Figures in parentheses are for KUMIAI CHEMICAL INDUSTRY.

Risk Management

We established the Kumiai Chemical Group Basic Policy on Risk Management based on the Kumiai Chemical Group Basic Policy on Sustainability. Our group believes that risk management is the key to internal control. In order to gain the trust of stakeholders, achieve continuous growth, and fulfill our social responsibility as a company, we recognize the importance of proper risk management. We endeavor to foster a risk culture through continuous engagement in risk management.

System

We have established the Risk Management & Compliance Committee (comprising full-time Directors and Executive Officers and department heads) chaired by the Representative Director, President to review and deliberate on matters related to risk management. The committee meets once a year and additionally whenever necessary and an appropriate management system for negative risks, including risk prevention measures and emergency responses, and positive risks based on opportunities is in place. In addition, the committee clarifies negative and positive risks in risk management. To support appropriate risk-taking by management, the committee conducts periodic review of business risks and other risks and consolidates and shares risk information. With regard to operational risk and supply chain risk, we have established the Basic Policy on CSR procurement and accompanying CSR Procurement Guidelines. We are implementing measures based on this policy and guidelines and review the related risks annually.

Moreover, we have established an internal control system that includes all group companies. Furthermore, the internal

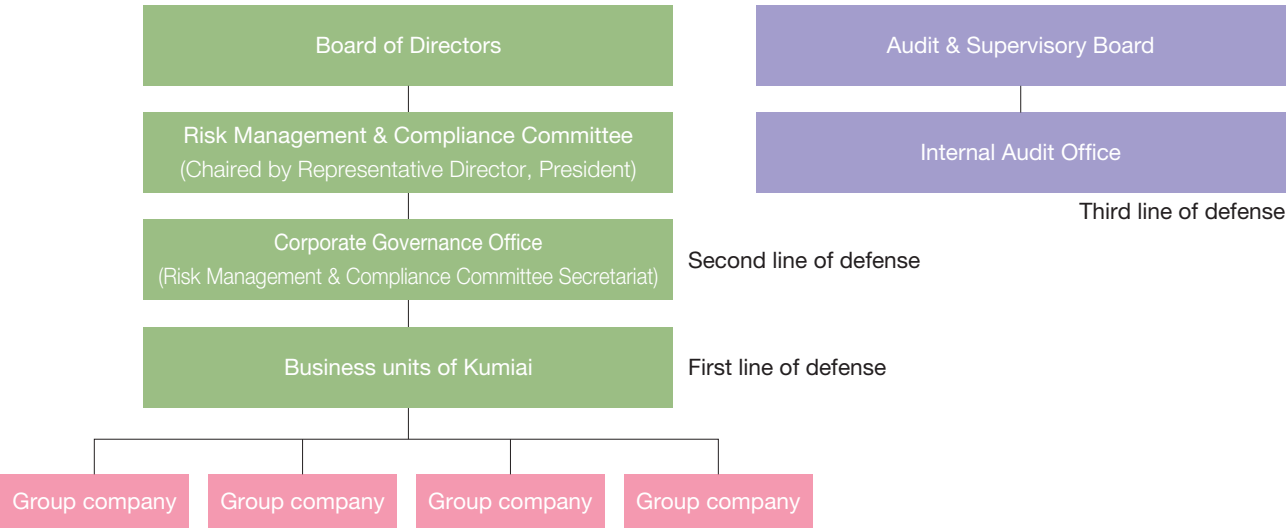
audit division conducts audits of overall operations of Group companies, and as part of the operational audit, monitors whether the internal control system is properly designed and effectively operated.

Information Security Risks and Countermeasures

In the course of its business activities, our group strives to appropriately manage all personal information of customers, business partners, shareholders, officers and employees and confidential information related to research and development, production, etc. Moreover, considering information related to business activities to be an asset, we are continuously building and strengthening our information security system. However, in the event of an information security incident due to a cyberattack or other unforeseen circumstances beyond our expectations, or an information system shutdown or temporary disruption due to an earthquake or other natural disaster, our group’s operating results and financial position may be affected by a loss of public trust in our group, the filing of lawsuits, social sanctions, etc. With the enactment and revision of personal information and data protection laws and tightening of application of such laws in various countries, any violation of laws in business operations may result in a loss of public trust, the inability to conduct business, or the imposition of large fines.

In response to such risks, our group is promoting information security education to raise the awareness of each employee regarding information security and is strengthening the system to enable prompt responses in the event of various information security incidents.

Kumiai Chemical Group’s Risk Management System



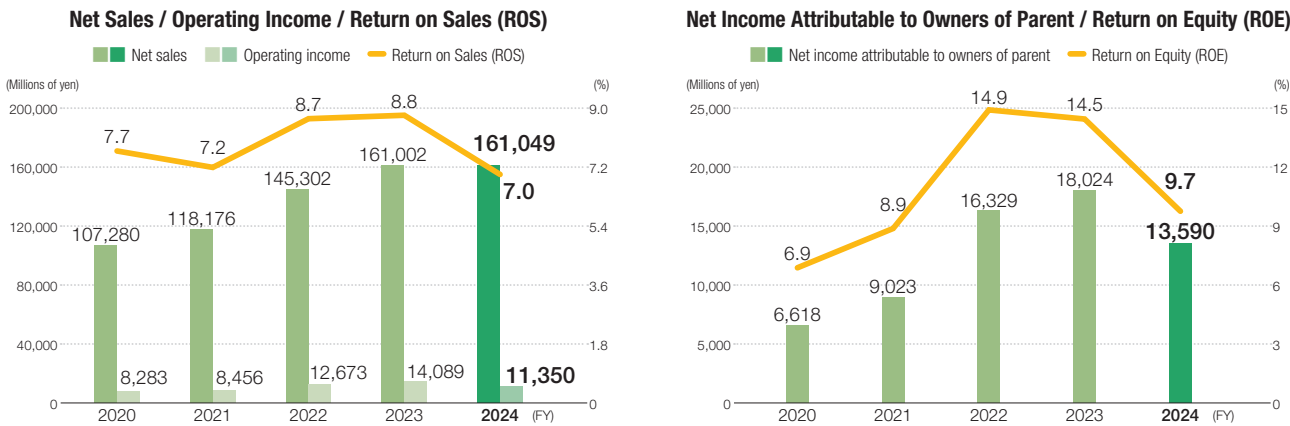
Major Risks and Countermeasures by our group

Major risks		Overview of risk	Overview of countermeasure
1	Agricultural Chemicals and Agriculture-Related Business	Decrease in net sales in Japan due to various external environmental factors (weather, competitive products, laws and regulations)	Proactively collecting information about changes of external environment and timely response to tightening laws and regulations
		Decrease in net sales due to changes in the agricultural chemical market (weather, grain prices, crop acreage, resistance development, competitive products, generic products, laws and regulations)	Early identification of changes in the market environment through cooperation with sales partners in each country and overseas subsidiaries and implementation of measures to maintain sales
2	Fine Chemicals Business	Decrease in net sales due to a drop in demand for end products and decreased sales volume due to specification changes	Working with sales partners to respond quickly to changing needs, stable procurement through procurement from multiple sources, and promotion of market and application development
3	Other businesses	Increased costs in the construction and logistics businesses, decline in trust and sluggish business due to serious accidents, and shortage of human capital Decrease in net sales in the bio-related business due to changes in the external environment	Collecting accurate and relevant information about changes in the external environment, hiring and training human capital with the skills and experience to respond to those changes, and improving the workplace environment
4	Developing new products	Due to the long development time for agricultural chemicals, loss of sales opportunities resulting from revisions to laws and regulations in each country and changes in the market environment, impact development success	Quickly and accurately grasping regulatory trends and market trends in each country, including revisions to laws, and responding to them
5	Exchange rate fluctuation	Decrease in net sales and increase in procurement cost due to sudden exchange rate fluctuations	Creating a management plan that incorporates unification of currencies in sales and procurement, forward exchange contracts and impact of exchange rate fluctuations
6	Compliance and changes of laws and regulations	Costs incurred in responding to serious non-compliance cases and loss of customer trust Increase in costs for responding to changes in laws and tightening of regulations in each country related to the handling of chemical substances	Conducting periodic compliance awareness surveys, promoting compliance awareness activities, and ensuring proper operation of the internal reporting system Collecting information on revisions of environment-related laws and regulations and responding to revisions, and making investments to prevent environmental accidents
7	Product quality	Problems with product quality due to unexpected quality issues, defects, incidents	Proper quality management based on ISO
8	Production and procurement of raw materials	Insufficient supply of raw materials, delays and suspension of manufacturing, and an increase in procurements costs due to trouble or incidents in procurement of raw materials, production facilities, laws and regulations in particular countries where operations are located, geopolitical risks, etc.	Ensuring inventory by ordering raw materials early, arranging substitutes, diversification of supply sources for important raw materials, and maintaining production functions through systematic renewal of facilities
9	Securing and training of human capital	Impact on operating results and financial position of inability to secure and train human capital as expected	Clarification of requirements for human capital, systematic and efficient acquisition of human capital, and enhancement of work-life balance
10	Impaired asset accounting application	Worsening financial situation due to impairment loss as the value of group business assets declines	Accurate understanding of the operating conditions of each Group company, and sharing of the progress of important projects and issues
11	Intellectual property	Decrease in net sales or leakage of technology and know-how due to infringement of our intellectual property Compensation for infringement of intellectual property rights of other companies Impact on sales and profit due to launch of generic products	Establishing a patent network for substances, manufacturing methods, intermediates, intended use, formulations, and usage methods Monitoring patent applications by other companies and the application examination status Response to infringement of intellectual property rights, including legal action
12	Information security	System outages due to cyberattacks or other unintentional incidents, leakage of confidential information	Reinforcing information security education and developing a response system in the event of occurrence of an incident
13	Human rights	Decline in public trust or suspension of transactions in the event of a human rights issue occurring in our group’s supply chain	Conducting a survey of major suppliers based on the guidelines
14	Digital transformation	Loss of new market opportunities and stagnation in business transformation and development capabilities due to delays in digital transformation and ineffective use of digital technologies	Promoting research and development and enhancing productivity by leveraging new technologies such as AI
15	Climate change	Increase in costs for responding to stricter greenhouse gas (GHG) emission regulations, and decrease in agricultural land area and crop yields due to climate change	Identifying and responding to trends in laws and regulations in each country, making capital investment to reduce GHG emissions, developing products and technologies, and promoting information disclosure via TCFD and other frameworks
16	Natural disasters and infection disease	Suspension of operations at business sites and disruptions to supply chains due to sudden large-scale natural disasters and pandemics caused by novel infection diseases	Regular drills, BCP updates, and implementation of preventive measures for facilities at each office

Data Highlights

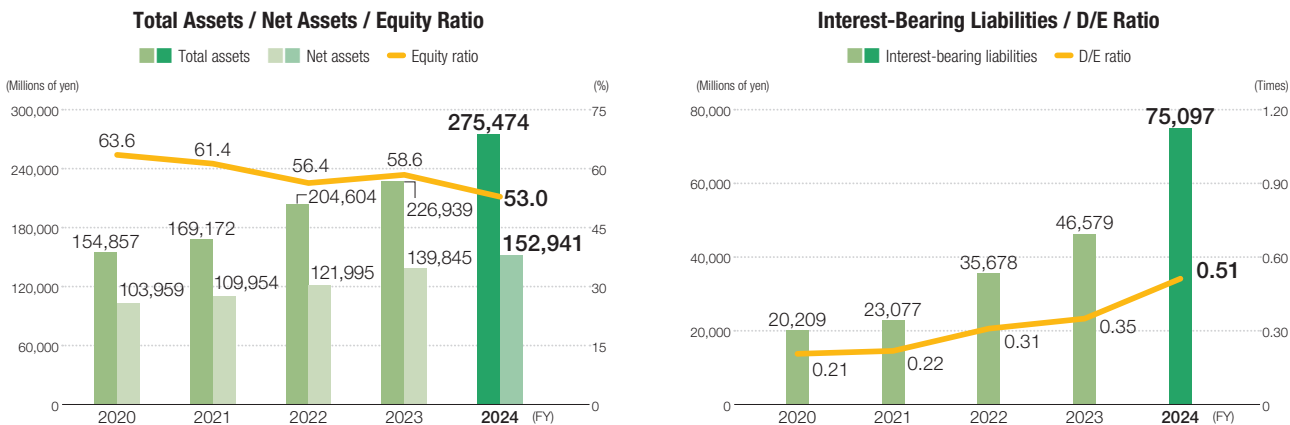
Earnings

Net sales in FY2024 were on par with the previous year, marking the 14th consecutive year of revenue increase, but operating income, which had been steady in the past, has decreased. In addition, return on sales (ROS) and return on equity (ROE) for FY2024 were only 7.0% and 9.7%, respectively, compared to targets of 8.5% or more and 11.0% or more.



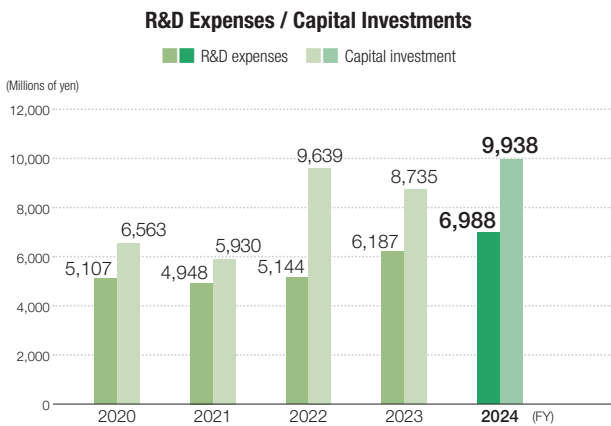
Assets and Financing

Although equity ratio and D/E ratio are at a reasonable safety level, interest-bearing liabilities are on the rise as inventories increase due to global inventory adjustments of agricultural chemicals and the entry of generic products of AXEEV®.



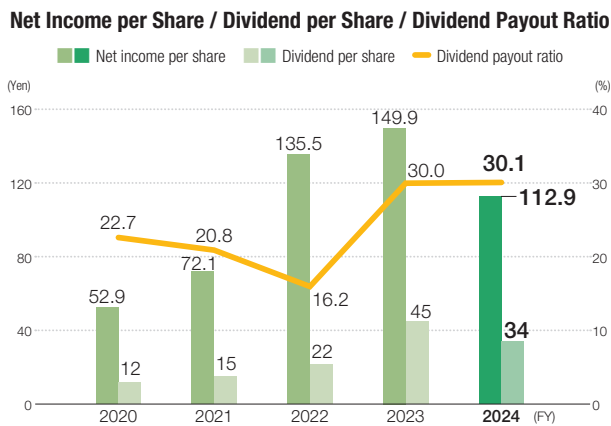
Investments

We constructed new factory plants and conducted the development of Institutes. We are also vigorously investing in R&D to develop new products.



Shareholder Returns

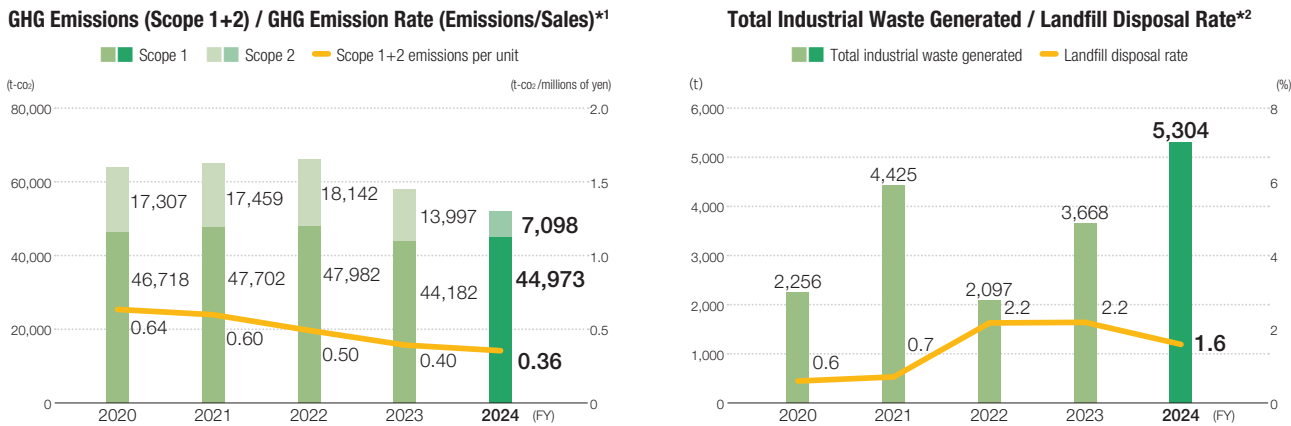
We are implementing based on the policy of “achieving a stable dividend payout ratio of 30% or more” set in the current Medium-Term Business Plan.



Environmental Impact

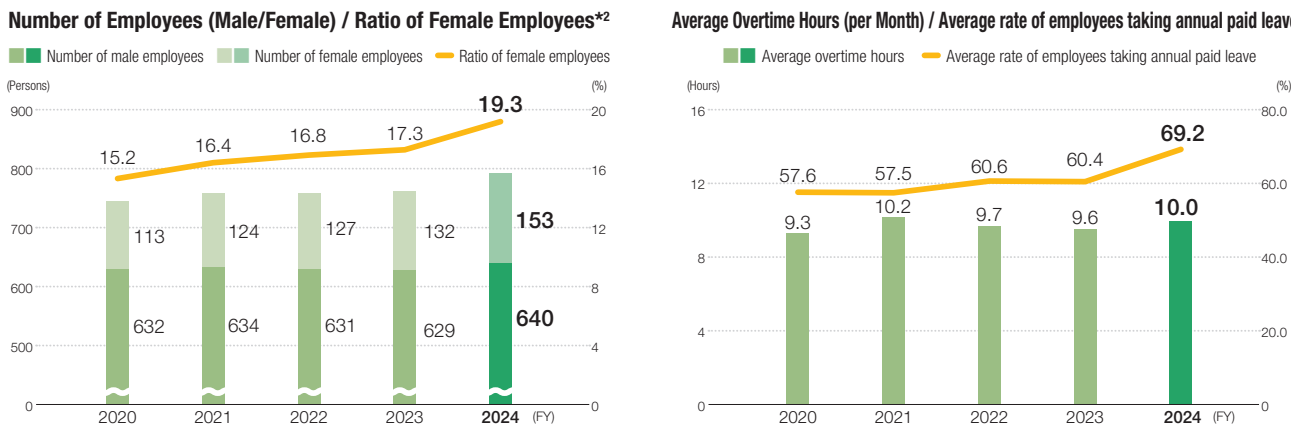
Although net sales for FY2024 were approximately 56% higher than for FY2019, greenhouse gas (GHG) emissions decreased approximately 22% compared to FY2019 levels (67,009t-CO₂) and at this point, we are on track to achieve our numerical target for FY2030.

Note: The target is to achieve 30% reductions in Scope 1 and 2 GHG emissions from seven group companies by FY2030 compared to FY2019.

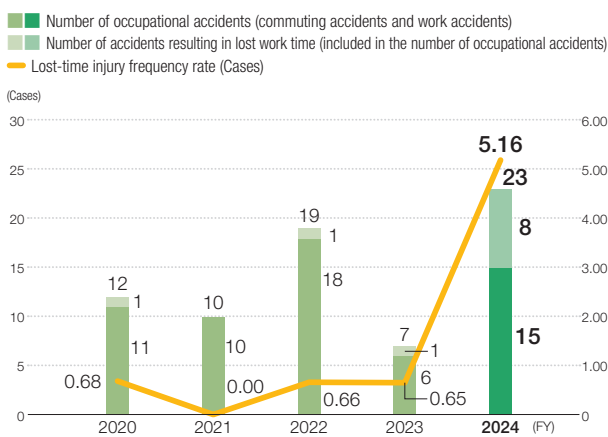


Vision for the Human Capital Strategy

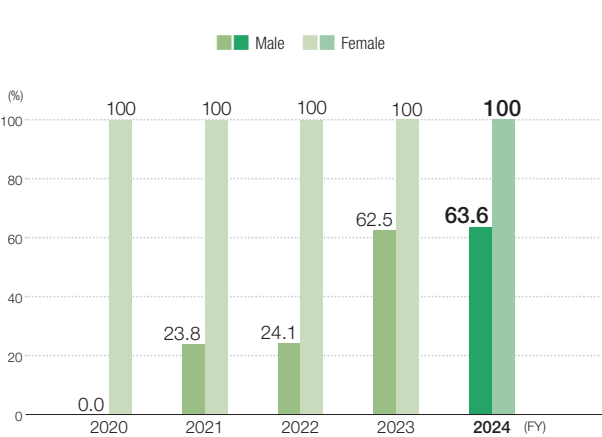
In accordance with the Kumiai Chemical Group Basic Policy on Human Capital Management, we promote diversity and inclusion and work-life balance as mentioned in the vision for the human capital strategy of the Medium-Term Business Plan.



Number of Occupational Accidents (New) / Lost-Time Injury Frequency Rate*3



Childcare Leave Usage Rate (Male/Female)*2



*1: Seven group companies (KUMIAI CHEMICAL INDUSTRY, RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, and KUMIKA LOGISTICS)

*2: KUMIAI CHEMICAL INDUSTRY only

*3: Direct employees of KUMIAI CHEMICAL INDUSTRY only

Financial Data

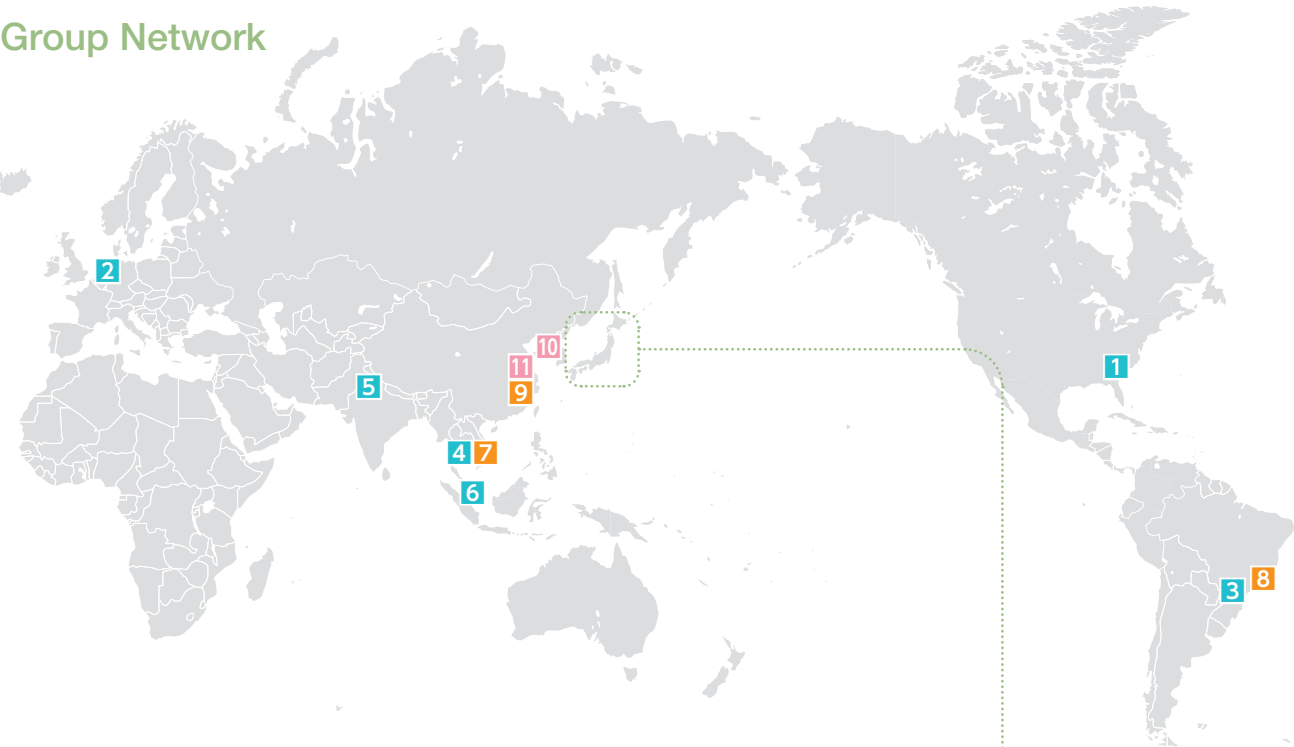
	(Unit)	FY2015	FY2016	FY2017		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating Results												
Net sales*1	Millions of yen	61,124	62,549	77,817		96,846	103,400	107,280	118,176	145,302	161,002	161,049
Agricultural Chemicals and Agriculture-Related Business	Millions of yen	—	—	—		68,147	72,623	79,395	89,150	112,430	129,466	128,134
Fine Chemicals Business	Millions of yen	—	—	—		19,466	21,474	18,921	20,660	25,004	22,472	24,965
Other Businesses	Millions of yen	—	—	—		9,233	9,303	8,965	8,366	7,869	9,064	7,949
Operating income*1*2	Millions of yen	3,723	2,267	3,764		5,582	7,639	8,283	8,456	12,673	14,089	11,350
Agricultural Chemicals and Agriculture-Related Business	Millions of yen	—	—	—		4,992	6,778	8,014	8,349	13,065	14,805	12,147
Fine Chemicals Business	Millions of yen	—	—	—		1,249	1,476	985	888	900	528	772
Other Businesses	Millions of yen	—	—	—		599	829	831	868	637	848	849
Ordinary income	Millions of yen	8,064	4,478	7,441		8,074	9,735	9,916	12,829	23,570	24,115	18,300
Net income attributable to owners of parent	Millions of yen	6,563	3,423	7,252		4,706	6,789	6,618	9,023	16,329	18,024	13,590
Comprehensive income	Millions of yen	7,583	1,207	10,278		747	5,416	6,294	7,042	18,591	21,543	17,687
Financial Status												
Total assets	Millions of yen	85,089	83,608	139,168		133,756	142,660	154,857	169,172	204,604	226,939	275,474
Net assets	Millions of yen	56,787	57,264	99,365		97,739	99,260	103,959	109,954	121,995	139,845	152,941
Interest-bearing liabilities	Millions of yen	9,230	9,820	6,771		4,007	13,426	20,209	23,077	35,678	46,579	75,097
R&D Expenses / Capital Investment / Depreciation and Amortization												
R&D expenses	Millions of yen	2,418	2,728	3,932		5,247	4,839	5,107	4,948	5,144	6,187	6,988
Capital investment	Millions of yen	995	1,035	2,659		3,110	4,869	6,563	5,930	9,639	8,735	9,938
Depreciation and amortization	Millions of yen	928	917	2,024		2,943	3,102	3,768	4,318	4,837	5,088	5,254
Cash Flows												
Net cash provided by (used in) operating activities	Millions of yen	2,226	△2,551	5,660		8,458	△1,221	4,532	4,478	△1,159	4,762	△16,725
Net cash used in investing activities	Millions of yen	△10,418	△1,089	△1,092		△1,584	△6,102	△4,734	△5,311	△7,823	△10,099	△8,756
Net cash provided by (used in) financing activities	Millions of yen	4,965	△231	△10,329		△5,016	5,253	5,067	439	5,615	6,864	23,608
Operating Results												
Gross profit margin	%	21.67	19.77	24.24		24.38	25.21	25.07	24.58	23.54	22.77	21.97
Return on sales (ROS)	%	6.1	3.6	4.8		5.8	7.4	7.7	7.2	8.7	8.8	7.0
Ratio of ordinary income to net sales	%	13.19	7.16	9.56		8.34	9.41	9.24	10.86	16.22	14.98	11.36
Ratio of net income attributable to owners of parent to net sales	%	10.74	5.47	9.32		4.86	6.57	6.17	7.63	11.24	11.19	8.44
Research and Development												
Ratio of R&D expenses to net sales	%	3.96	4.36	5.05		5.42	4.68	4.76	4.19	3.54	3.84	4.34
Financial Status												
Equity ratio	%	62.8	64.4	66.7		67.3	65.9	63.6	61.4	56.4	58.6	53.0
D/E ratio	Times	0.17	0.18	0.07		0.04	0.14	0.21	0.22	0.31	0.35	0.51
Management Efficiency												
Return on equity (ROE)	%	13.1	6.4	9.9		5.1	7.4	6.9	8.9	14.9	14.5	9.7
Return on invested capital (ROIC)	%	3.63	2.26	2.45		3.79	4.70	4.63	4.41	5.58	5.24	3.45
Share Indices												
Net assets per share	Yen	671.94	677.53	734.72		718.67	750.32	787.01	830.44	960.96	1,105.55	1,212.20
Net income per share	Yen	82.13	43.07	70.40		37.46	54.10	52.92	72.13	135.45	149.88	112.91
Dividend per share	Yen	8.00	8.00	8.00		10.00	11.00	12.00	15.00	22.00	45.00	34.00
Dividend payout ratio	%	9.70	18.60	11.40		26.70	20.30	22.70	20.80	16.20	30.00	30.10
Price-earnings ratio (PER)	Times	11.91	13.81	10.94		18.74	18.63	18.88	11.74	7.22	7.29	7.22
Price-to-book ratio (PBR)	Times	1.46	0.88	1.05		0.98	1.34	1.27	1.02	1.02	0.99	0.67

*1 Sales and operating income by segment are not indicated because segment classifications were different prior to the business integration with Ihara Chemical Industry in May 2017.
*2 Segment operating income does not include adjustments. Adjustments are mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).

Non-Financial Data

			(Unit)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Environment									
Effective Use of Resources	Total amount of industrial waste generated	Thousand tons		1.88	2.26	4.42	2.10	3.67	5.30
	Landfill disposal amount of industrial waste generated	Thousand tons		0.01	0.01	0.03	0.05	0.08	0.08
	Landfill disposal rate of industrial waste generated	%		0.7	0.6	0.7	2.2	2.2	1.6
	Incineration disposal amount of industrial waste generated	Thousand tons		1.57	2.03	2.24	1.25	2.70	3.83
	Incineration disposal rate of industrial waste generated	%		83.9	90.0	50.7	59.6	73.7	72.2
	Recycled amount of industrial waste generated	Thousand tons		0.3	0.2	2.2	0.8	0.9	1.4
	Recycled rate of industrial waste generated	%		15.4	9.4	48.6	38.3	24.1	26.2
	Total amount of specially controlled industrial waste generated	Thousand tons		—	1.1	1.0	1.1	2.3	4.0
	Landfill disposal amount of specially controlled industrial waste generated	Thousand tons		—	0.0	0.0	0.0	0.0	0.0
	Landfill disposal rate of specially controlled industrial waste generated	%		—	0.0	0.0	0.0	0.0	0.0
	Incineration disposal amount of specially controlled industrial waste generated	Thousand tons		—	1.0	1.0	0.4	1.9	3.0
	Incineration disposal rate of specially controlled industrial waste generated	%		—	97.1	100.0	41.9	84.7	74.1
	Recycled amount of specially controlled industrial waste generated	Thousand tons		—	0.0	0.0	0.6	0.4	1.0
	Recycled rate of specially controlled industrial waste generated	%		—	2.9	0.0	57.5	15.3	25.8
Emissions to Atmosphere	Total emissions of SOx	Tons		—	2.3	2.6	2.3	2.1	1.7
	Total emissions of NOx	Tons		—	4.5	4.4	4.8	3.4	3.0
	Total emissions of particulate matter	Tons		—	0.5	0.5	0.5	0.4	0.4
Energy	Amount of purchased electricity	MWh		54,875	56,317	57,016	55,992	55,729	56,022
	Of which, renewable energy sources	MWh		12,525	12,544	12,635	12,420	25,184	40,827
Social									
Human capital	Number of employees	Persons		724	745	758	758	761	793
	Number of new graduate recruitments	Persons		24	35	34	16	12	23
	Number of experienced professional recruitments	Persons		10	12	6	4	22	17
	Job turnover	%		5.3	3.9	4.5	2.9	2.9	2.5
Diversity	Percentage of female employees	%		14.5	15.2	16.4	16.8	17.3	19.3
	Percentage of new graduate female recruitments	%		8.3	20.0	35.3	31.3	25.0	34.8
	Percentage of experienced female professional recruitments	%		0.0	25.0	33.3	0.0	27.3	29.4
	Percentage of female managers	%		1.6	1.6	1.5	1.6	2.3	2.2
	Rate of male employees who take childcare leave	%		4.8	0.0	23.8	24.1	62.5	63.6
Work Style	Average overtime hours	Hours per month		15.0	9.3	10.2	9.7	9.6	10.0
	Average rate of employees taking annual paid leave	%		64.3	57.6	57.5	60.6	60.4	69.2
Learning	Employee training expenses	Millions of yen		52	25	32	27	42	57
	Training time per employee	Hours		9.9	12.2	14.2	12.8	24.6	41.7
Research and Development									
Intellectual Property	Number of patent applications (Total)	Cases		—	107	80	93	101	83
	Number of patent applications (Japan)	Cases		—	32	29	21	15	23
	Number of patent applications (Overseas)	Cases		—	75	51	72	86	60
	Number of patents held (Total)	Cases		—	1,079	1,088	1,026	993	998
	Number of patents held (Japan)	Cases		—	209	151	147	145	143
	Number of patents held (Overseas)	Cases		—	870	937	879	848	855
Human Capital	Percentage of researchers with a Master's degree	%		88.9	88.7	89.9	91.5	90.1	90.1
	Percentage of researchers with a Doctor's degree	%		15.1	12.0	8.7	7.0	7.1	7.7

Group Network



List of KUMIAI CHEMICAL INDUSTRY CO., LTD. Offices

- | | |
|---|---|
| 1 Head Office / Tokyo Branch | 11 Kyushu Branch |
| 2 Sapporo Branch | 12 Chemical Research Institute (ShIP) Process Chemistry Research Center |
| 3 Tohoku Branch | 13 Formulation Technology Research Center |
| 4 Nagano Sales Office, Tokyo Branch | 14 New Molecule Research Center |
| 5 Niigata Sales Office, Tokyo Branch | 15 Life Science Research Institute |
| 6 Nagoya Branch | 16 Agrochemical Research Center |
| 7 Shizuoka Sales Office, Nagoya Branch | 17 Life & Environment Research Center |
| 8 Osaka Branch | 18 Shizuoka Factory |
| 9 Chu-Shikoku Branch | 19 Kogota Factory |
| 10 Matsuyama Sales Office, Chu-Shikoku Branch | 20 Tatsuno Factory |

List of Consolidated Subsidiaries (Overseas)

- | |
|---|
| 1 K-I CHEMICAL U.S.A. INC. (U.S.) |
| 2 K-I CHEMICAL EUROPE SA/NV (Belgium) |
| 3 K-I CHEMICAL DO BRASIL LTDA. (Brazil) |
| 4 Iharanikkei Chemical (Thailand) Co., Ltd. (Thailand) |
| 5 PI Kumiai Private Ltd. (India) |
| 6 Asiatic Agricultural Industries Pte. Ltd. (Singapore) |

List of Equity-method Affiliates (Overseas)

- | |
|---|
| 7 T.J.C. CHEMICAL CO., LTD. (Thailand) |
| 8 IHARABRAS S.A. INDUSTRIAS QUIMICAS (Brazil) |
| 9 Shanghai Qunli Chemical Co., Ltd. (China) |

Other Affiliated Companies

- | |
|---|
| 10 KUMIKA KOREA CO., LTD. (South Korea) |
| 11 KUMIAI CHEMICAL SHANGHAI CO., LTD. (China) |
| 12 GRA INC. |
| 13 Agricore Corporation |

List of Consolidated Subsidiaries (Japan)

- | | |
|---|-----------------------------------|
| RIKENGREEN CO., LTD. | RYOCHI SANGYO CO., LTD. |
| IHARANIKKEI CHEMICAL INDUSTRY CO., LTD. | NIHON PRINTING INDUSTRY CO., LTD. |
| K-I CHEMICAL INDUSTRY CO., LTD. | KUMIKA LOGISTICS CO., LTD. |
| Ihara Construction Industry Co., Ltd. | NEP CO., LTD. |
| ONOMICHI KUMIKA INDUSTRY CO., LTD. | ASADA SHOJI CO., LTD. |

RIKENGREEN CO., LTD.

RIKENGREEN operates three businesses: the Greening-related Compounds and Materials Business engaged in comprehensive maintenance for golf courses, highways, and railroads; the Specialty Chemicals Business concerning mainly chemicals used in the paper industry and their application technologies; and the Civil Engineering and Greening Construction Business engaged in school yard greening, park construction, and the cultivation and maintenance of lawns at sports facilities.

RIKENGREEN aims to realize an affluent society for symbiosis of people and nature under the motto of “create, foster, and protect greenery” in its relentless focus on new needs and in response to changes in society.



IHARANIKKEI CHEMICAL INDUSTRY CO., LTD.

With chlorination of organic compounds such as toluene and xylene as its core technology, IHARANIKKEI CHEMICAL INDUSTRY supplies raw materials for various products. Deploying its advanced chlorination technology, the company produces fine chemical products used as raw materials for resins, fibers, agricultural chemicals, pharmaceuticals, dyes, and pigments. It supplies high-quality products while taking safety and the environment into consideration. The company vigorously contributes to reducing the environmental impact throughout the supply chain by using chlorine produced using renewable energy sources and putting hydrochloric acid heat recovery facility into operation in 2024.



K-I CHEMICAL INDUSTRY CO., LTD.

K-I CHEMICAL INDUSTRY is engaged in three businesses: the Fine Chemicals Business engaged in manufacturing, sales, and R&D of bismaleimides for electronic materials and various organic intermediate products such as agricultural chemical and pharmaceutical intermediates; the Industry Chemicals Business engaged in manufacturing, sales, and R&D of disinfectants and antiseptics used in various industrial fields and hot spring disinfectants that utilize the technologies for industrial disinfectants and antiseptics; and the Bio Products Business engaged in manufacturing, sales, and R&D of safe feed, feed additives, contracted culture, etc. that utilize the characteristics of microorganisms. K-I CHEMICAL INDUSTRY contributes to realization of an affluent society through provision of diverse products that underpin social infrastructure.



Ihara Construction Industry Co., Ltd.

Ihara Construction Industry contributes to the development of local communities through its General Construction Business and the Expanded Polystyrene Business. In the General Construction Business, the company handles various public and private construction projects mainly in Shizuoka Prefecture, including building construction, land development, road paving, and water and sewage system installation. In the Expanded Polystyrene Business, which has four manufacturing bases in Japan (Shizuoka, Chiba, Fukushima, and Miyagi), the company manufactures and sells products such as boxes for storing fish and vegetables, cushioning materials and components for home appliances, and blocks used in construction work nationwide.



Company Information

Company Profile (As of October 31, 2024)

Company name	KUMIAI CHEMICAL INDUSTRY CO., LTD.
Established	June 1949
Share capital	4,534 million yen
Number of employees	2,134 (consolidated)
Business overview	Manufacturing and sales of agricultural chemicals, such as insecticides, fungicides, and herbicides Manufacturing and sales of fine chemicals, such as organic intermediates and amine curing agents
Address	4-26, Ikenohata 1-chome, Taito-ku, Tokyo 110-8782, Japan Tel: +81-3-3822-5036

Stock Information

Status of Shares (As of October 31, 2024)

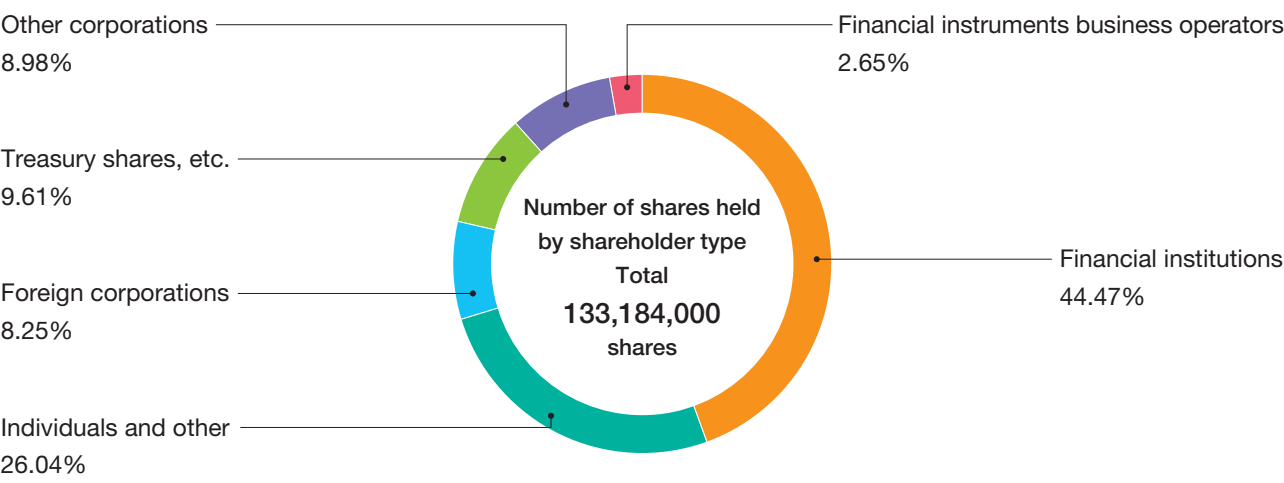
Total number of authorized shares	200,000,000 shares
Total number of issued shares	133,184,612 shares (including 12,810,323 treasury shares)
Number of shareholders	59,806
Stock exchange listing	Tokyo Stock Exchange Prime Market
Audit corporation	FUYOU AUDIT CORPORATION

Major Shareholders

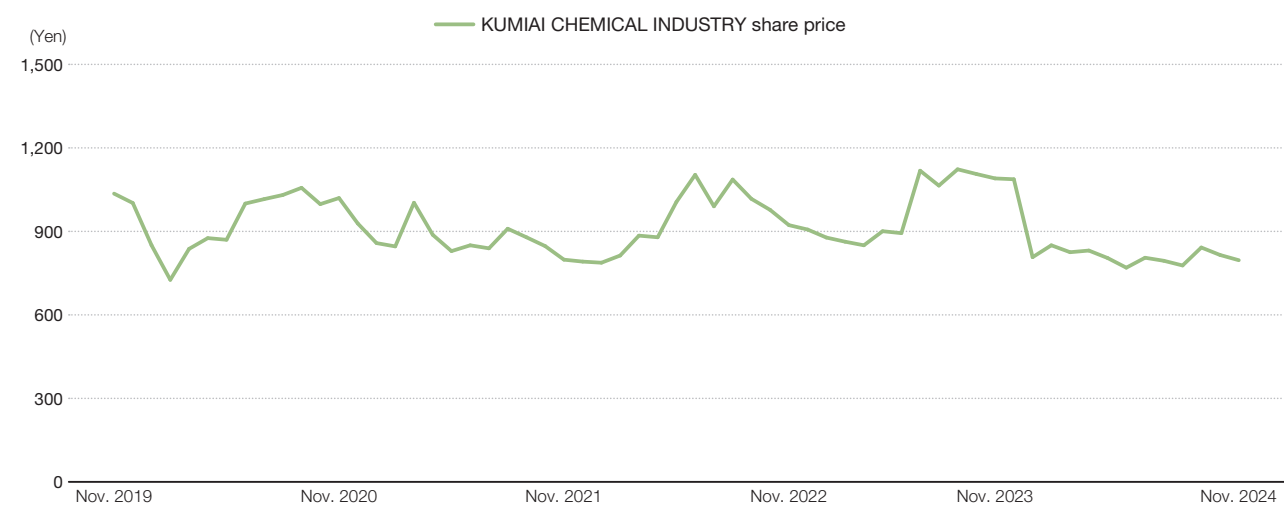
Shareholder name	Number of shares held (Thousands of shares)	Shareholding ratio (%)
National Federation of Agricultural Cooperative Associations (ZEN-NOH)	26,527	22.03
The Master Trust Bank of Japan, Ltd. (Trust account)	8,595	7.14
The Norinchukin Bank	5,517	4.58
The Kyoei Fire and Marine Insurance Company, Limited	4,480	3.72
JA Shizuoka Keizairen	2,770	2.30
Custody Bank of Japan, Ltd. (Trust account)	2,510	2.08
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	2,286	1.89
Nippon Soda Co., Ltd.	1,928	1.60
KUMIAI CHEMICAL INDUSTRY Employee Stock Ownership Plan	1,739	1.44
The Dai-ichi Life Insurance Company, Limited	1,660	1.37

Notes: 1. Numbers of shares held and shareholding ratios are rounded down to the indicated units.
2. Kumiai holds 12,810,323 treasury shares but is excluded from the above list of major shareholders.
3. In calculating shareholding ratios, treasury shares are excluded (12,810,323 shares).

Share Ownership Distribution



Share Price



Dividends and Dividend Payout Ratio

