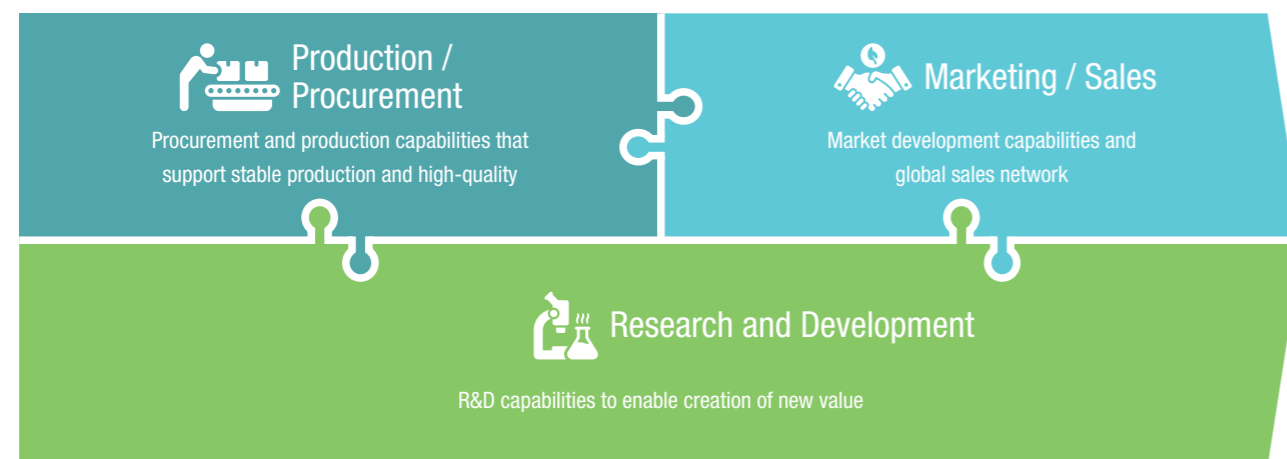


Integrated manufacturing and sales strategy and business model capable of continuing to create new value through overwhelming innovation, anticipating market needs 10 to 20 years from now

Our group is focusing on research and development of safe and effective agricultural chemicals and promoting their wider use in order to contribute to the development of agriculture and support the stable production of safe and secure food worldwide. This is supported by the business model incorporating integrated manufacturing and sales that enables the development of new chemicals, anticipating future market needs, and a stable supply of products. 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 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 capital 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.

Strength 3 Intellectual Property Strategy

In our agricultural chemicals business, we must clearly state our substances and production methods in the registration system. To protect our products and peripheral technologies, it is essential that we protect our intellectual property rights through patent applications and registrations and the registration of trademarks. We actively invest in the acquisition of intellectual property rights, and we currently hold many patent rights and trademark rights in Japan and overseas. We are also engaged in the maintenance and management of these intellectual property rights.

Although the substance patent for AXEEV®, our mainstay product, expired in 2022, we are taking measures against patent-infringing products by exercising our intellectual property rights throughout the entire manufacturing process. This includes our patents resulting from new pre-mixture development and patents for production methods and intermediates. In May 2025, our patent dispute with a Chinese company, which was successfully resolved through a settlement in November 2024, was selected by the China National Intellectual Property Administration (CNIPA) as a "2024 Typical Case of Administrative Protection for Intellectual Property Rights." This is an indication of the high regard in which our response has been held.

Strengths in Production / Procurement

From lab to factory Supplier ratio Japan: **37%** Outside Japan: **63%**

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 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 a 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. 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: **11 bases** Outside Japan: **13 bases**

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 the National Federation of Agricultural Cooperative Associations (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.