

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



Kumiai 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 research and development 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

Our R&D system covers the entire process from exploration of new compounds to the establishment of manufacturing processes. We have know-how accumulated over many years. In addition, we invest vigorously in R&D. Above all, we have excellent researchers supporting Kumiai Group's product development.

Strength 1 **Vigorous Investment in R&D**

As an R&D-oriented company, Kumiai Group has continued to invest vigorously in R&D ever since its foundation. The accumulation of such investment has resulted in many products, supporting the Group's current growth. The new Chemical Research Institute ShIP began operation in 2023. Together with the Life Science Research Institute, ShIP will be a source of value creation supporting Kumiai Group's growth. Under the new Medium-Term Business Plan launched in FY2024, we plan to invest approximately 22.0 billion yen in R&D in three years. We will step up our efforts to further strengthen R&D capabilities.

Investment in R&D (plan) **22.0** billion yen
(Total for FY2024-2026)

Strength 2 **Excellent Human Capital Creating Value**

Kumiai 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, Kumiai 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 resources 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.

Probability of success in new agricultural chemical development **1/7,500**

Strengths in Production / Procurement

Stable supply and cost reductions are realized by establishing optimal manufacturing processes in collaboration with R&D departments and by achieving a stable supply chain. In addition to manufacturing of Kumiai products, we also conduct custom manufacturing, capitalizing on our long-cultivated expertise and facilities capable of handling a wide range of chemical reactions.

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 Kumiai Group. By taking advantage of the system, our factories and research institutes study the optimal synthesis methods suitable for process chemistry 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. These initiatives lead 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 covering 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.

From **lab to factory**
Supplier ratio: Japan **23%** Overseas **77%**

Strengths in Marketing / Sales

We provide proprietary agricultural chemical active ingredients and products developed in house to growers through the National Federation of Agricultural Cooperative Associations (ZEN-NOH) in Japan and in cooperation with partners overseas that have strong sales networks.

Strength 1 **Sales of Agricultural Chemical Active Ingredients and Products**

Kumiai 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.

Number of proprietary agricultural chemical active ingredients (currently available) **17**

Strength 2 **Strong Sales System**

In Japan, we are engaged in community-based sales and technical service through a sales system with sales persons 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 subsidiaries, 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.

Bases in Japan **11** Overseas bases **13**