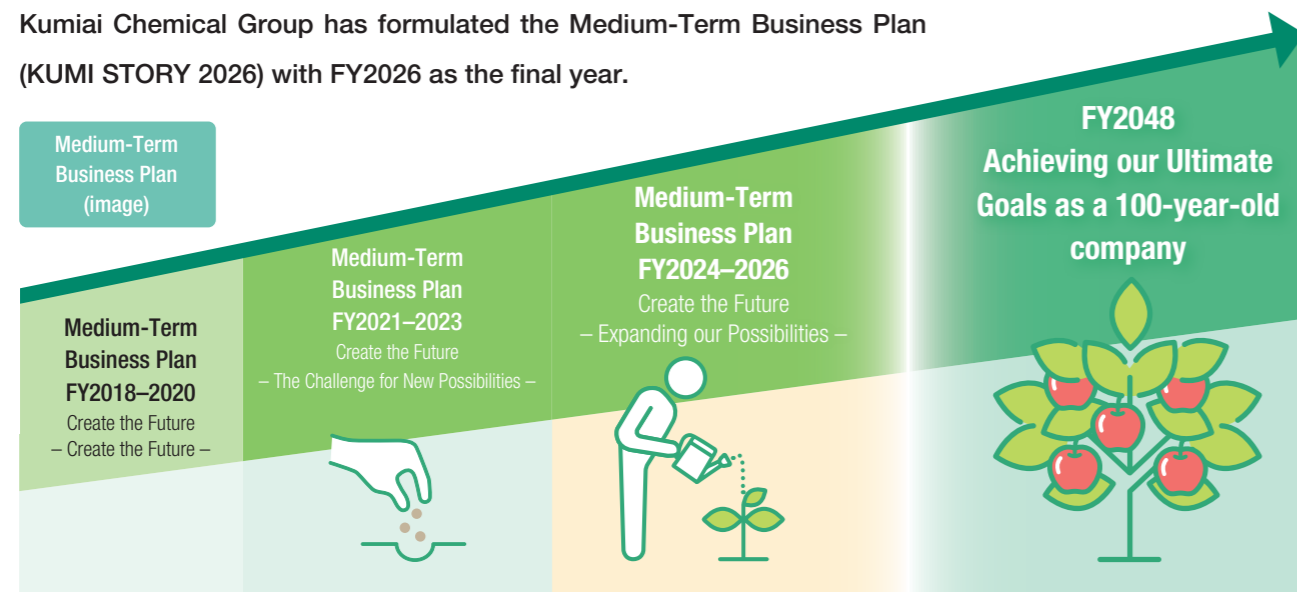


Progress of the Medium-Term Business Plan (FY2024–2026)

Kumiai Chemical Group has formulated the Medium-Term Business Plan (KUMI STORY 2026) with FY2026 as the final year.



Basic Management Policy

Build a management foundation that can respond to changes in the business environment by developing innovative technologies and exploring new business domains, and be a corporate group capable of contributing to the realization of a sustainable society by providing products and services that enrich the lives of people.

Key Policies

- 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

Progress of Major Numerical Targets

	2025 results	2026 targets
Net sales	170.5 billion yen	185.0 billion yen
Operating income	10.6 billion yen	16.0 billion yen
Net income attributable to owners of parent	4.4 billion yen	15.0 billion yen
ROE	3.0%	11.0% or more
Return on sales (ROS)	6.2%	8.5% or more
Dividend payout ratio	66%	30% or more (2024–2026)
Contribution to a sustainable agricultural industry	AXEEV® net sales:75.4 billion yen	AXEEV® net sales:84.2 billion yen
	EFFEEDA® net sales:9.1 billion yen	EFFEEDA® net sales:10.1 billion yen
	DISARTA® net sales:3.2 billion yen	DISARTA® net sales:4.4 billion yen
	Number of new MAMETSUBU® products launched: 5 products (Total from FY2022)	Number of new MAMETSUBU® products launched: 5 products (Total from FY2022)
Contribution to better quality of life	Fine Chemicals Business net sales:25.1 billion yen	Fine Chemicals Business net sales:28.5 billion yen
Mitigation of climate change and environmental impact	Greenhouse gas emissions from seven group companies (Scope 1+2): 47,717 t-CO ₂ / year	(Scope 1+2): 30% reduction by FY2030 compared to FY2019

Major Achievements to Date

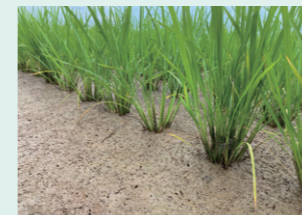
1 Contributing to sustainable agricultural industry / providing a stable supply of high-quality products and services

- Main Targets** Expansion of existing businesses (FY2026 net sales AXEEV®: 84.2 billion yen, EFFEEDA®: 10.1 billion yen, DISARTA®: 4.4 billion yen, expanded sales of MAMETSUBU®), creation of new fine chemicals businesses
- **Expanded sales of existing products**
Sales of the herbicide AXEEV®, which is used for the cultivation of major grains around the world, grew to 75.4 billion yen (FY2025 results)
Sales of the herbicide EFFEEDA® and fungicide DISARTA® were steady at 9.1 billion yen and 3.2 billion yen, respectively (FY2025 results)
 - **Demonstrated strength in the field of one-shot herbicides for Japanese paddy rice**
We held the top share of the Japanese market for five consecutive years, centered on the herbicide EFFEEDA®, which is a proprietary product
 - **Expanded sales of MAMETSUBU®**
Since FY2022, we launched five MAMETSUBU® products (total number of MAMETSUBU® products launched is 39)
 - **Launch of our first biostimulant**
In FY2026, we launched NATSU-TSUJYOSHI and entered the biostimulant market
 - **Expanded business in the cutting-edge semiconductor field**
We launched semiconductor-grade high-purity carbonyl sulfide (COS) gas
We strengthened the bismaleimides (BMIs) production system



2 Mitigation of climate change and environmental impact

- Main Targets** Greenhouse gas (GHG) emissions from seven group companies (Scope 1+2): 30% reduction by FY2030 compared to FY2019
- **Reduction of GHG emissions**
Achievement of the GHG emissions 30% reduction target compared to FY2019 is within sight due to the introduction of CO₂-free electricity, etc.
 - **Support for the creation of carbon credits**
In 2024, we launched support for the generation of carbon credits by prolonging mid-season drainage periods of rice paddies



3 Strengthening R&D capabilities

- Main Targets** Accelerate research on the creation of new agricultural chemicals and reach 100 patent applications (FY2026)
- **Development of Life Science Research Institute**
Following the establishment of the Chemical Research Institute (ShIP) in 2023, we are in the process of developing the Life Science Research Institute to further strengthen our R&D capabilities. A new research building is scheduled to be completed in 2027.
 - **Development of new active ingredients and technologies**
We newly launched fungicide for paddy rice REGARD, microbial pesticide ECOARK®, and biostimulant NATSU-TSUJYOSHI
 - **Number of patent applications:** 36 (FY2025 results)
 - **Business partnerships**
We entered into a business partnership with Valent regarding the U.S. development of EFFEEDA®

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

- Main Targets** Rate of male employees who take childcare leave: 100%, Training time per employee: 50 hours/year
- We achieved a rate of male employees who take childcare leave of 71.5%, and a training time per employee of 59.5 hours/year (FY2025).
 - We aim to improve employee engagement by introducing a new personnel system in FY2026 → P.29



7 Promotion of digital transformation / Implementation of digitalization

- Main Targets** Promote company-wide DX and utilize AI in chemical discovery and production
- **Promoted Initiatives to Utilize Generative AI**
We lifted the ban on the in-house use of generative AI in business operations in order to promote improved productivity and operational efficiency through the use of generative AI.
 - **Promoted DX human capital development**
In order to develop DX human capital on-site, DX training (duration: four months) was conducted for the first time through internal recruitment.
 - **Focused on strengthening the information security system in line with the promotion of DX and digitalization**
We upgraded equipment and solutions to address vulnerabilities and strengthen security functions. In addition, we introduced SASE, multi-factor authentication, and SOC as measures to strengthen security. We strengthened security at group companies.



Review of FY2025

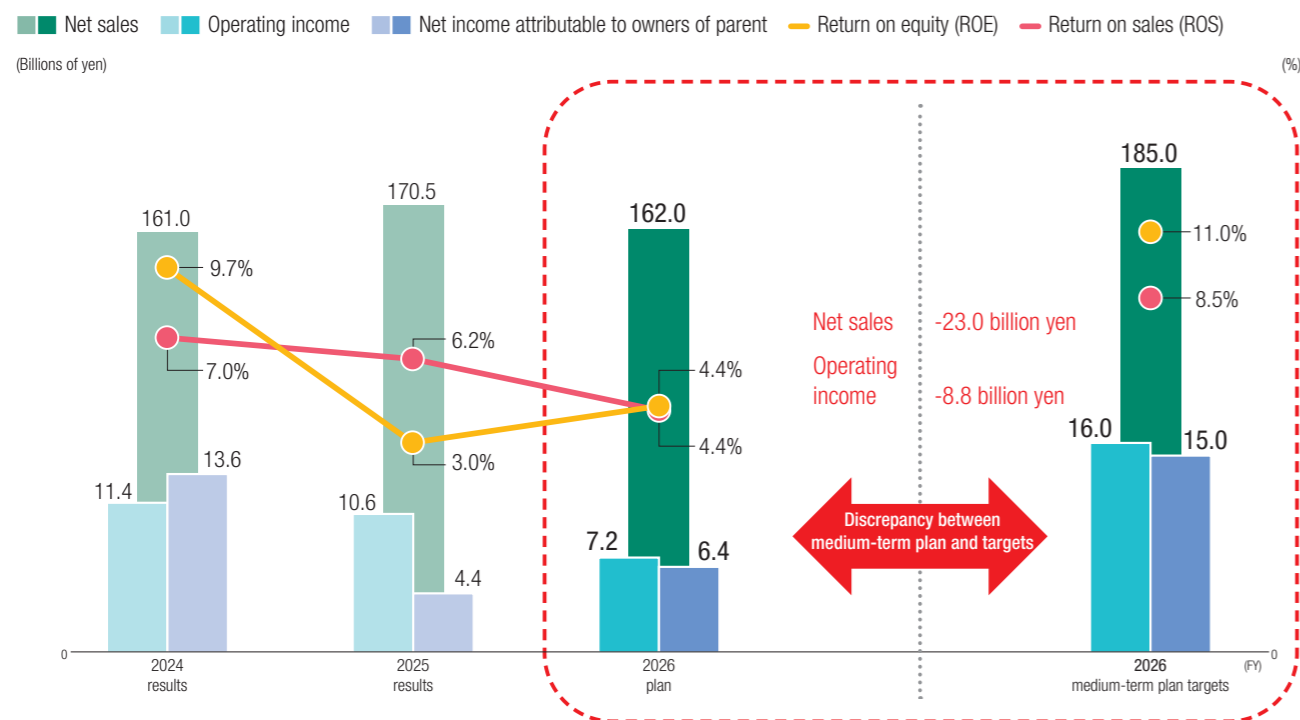
Consolidated net sales in FY2025 amounted to 170.5 billion yen, this was our 15th consecutive year of increases in net sales. On the other hand, operating income, at 10.6 billion yen, was down from the previous fiscal year. By business, in the domestic agricultural chemicals business, sales of one-shot herbicides for paddy rice, including the herbicide EFFEEDA®, and products for nursery boxes of rice, including the fungicide DISARTA®, were strong. In the overseas agricultural chemicals business, shipments of our mainstay product, the herbicide AXEEV®, increased due to progress in clearing inventory for the U.S. market, which was caused by the COVID-19 pandemic, as well as strengthened support for sales promotion activities by local distributors. Overall net sales in the Agricultural Chemicals and Agriculture-Related Business were 13.6 billion yen, an increase of 7.6 billion yen from the previous year. On the other hand, profitability deteriorated due to price adjustments implemented as a countermeasure against the entry

of generic products for AXEEV®. Accordingly, operating income was 10.6 billion yen, a decrease of 1.6 billion yen from the previous year.

In the Fine Chemicals Business, net sales were 25.1 billion yen, an increase of 100 million yen from the previous year, and operating income was 1.5 billion yen, an increase of 800 million yen from the previous year. This was due to increased shipments of bismaleimides (BMIs) resulting from strong demand for electronic materials for generative AI servers, as well as solid shipments of amines.

In addition, in the chlorination business of Iharanikkei Chemical (Thailand) Co., Ltd., our consolidated subsidiary, extraordinary losses of 3.7 billion yen were recorded due to the impairment of non-current assets caused by a deterioration in the performance outlook. As a result, net income attributable to owners of parent was 4.4 billion yen, a decrease of 9.2 billion yen from the previous year.

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



Impairment Losses

Iharanikkei Chemical (Thailand) Co., Ltd. was established with the aim of securing cost competitiveness through local manufacturing and expanding production capacity in the aramid fiber market, which was growing at the time. However, with the entry of chemical manufacturers from China, India, and other countries into the market, competition has intensified, making the environment for business operations more challenging. As a result, there was a significant deviation from our initial business plan, and we recorded impairment losses on non-current assets of 3.7 billion yen. We are currently working to improve management, including manufacturing new products and reducing costs through increased production efficiency.

Issues and Responses

In FY2026, the final year of the Medium-Term Business Plan, we expect to fall short of our targets for both sales and profits. This is mainly due to the fact that the impact of the entry of generic products of AXEEV® on business has been greater than that assumed at the time when the Medium-Term Business Plan was formulated, and a decrease in sales and a deterioration in profitability are expected. Although the FY2026 plan will fall short of the medium-term plan targets, we view the FY2026 plan as the minimum level that must be achieved, and all officers and employees will continue to work together to resolve issues.

In order to overcome this difficult situation, it is essential to implement measures that prioritize securing operating income and thoroughly improve operational efficiency. We believe that our most pressing task is to quickly realize a “transformation into a resilient corporate structure” that is not significantly affected by changes in the market environment.

[Maintaining and Expanding AXEEV® through Defense and Offense]

As the profit margins of AXEEV® decline due to the entry of generic products into the market, we will promote both defensive and offensive strategies. On the defensive side, if an infringement is found with respect to patent rights that are still current, such as patents for pre-mixtures and patents for production methods and intermediates, we will take decisive legal action. We have already achieved settlements in our favor and other results in China and Australia, and we will continue to strengthen the protection and enforcement of our rights in each region.

On the offensive side, we will focus on strengthening our sales system and gaining market share. The issue of herbicide-resistant weeds is becoming more serious in countries around the world, and AXEEV® is highly regarded in the market because of its effectiveness against weeds resistant to conventional herbicides. In addition, the entry of generic products will lower market prices, making AXEEV® more accessible to more producers. As a result, we expect the area of use of Pyroxasulfone (the active ingredient name for AXEEV®), which is the sum of AXEEV® and generic products, to continue expanding. We will take this market expansion as an opportunity to expand sales of AXEEV®. In addition, 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. In doing so, we will maximize the advantages of the original product and expand sales.

Increasing the sales volume and production volume of AXEEV® will enable cost reductions. In addition, we are

establishing innovative manufacturing methods with the aim of further improving production efficiency. By realizing lower cost production, we will improve the profitability of AXEEV®.

[Developing Products to Follow AXEEV®]

In addition to maintaining and expanding AXEEV®, we will also focus on developing next-generation core products. In order to further expand sales, we will actively promote the development of herbicide EFFEEDA® and fungicide DISARTA®, which are already sold in Japan and South Korea, in other regions. In the U.S., we have begun joint development of EFFEEDA® with Valent. By fully engaging in overseas development of EFFEEDA®, we aim to develop it into a product that will play a central role in overseas sales. As for new products, we are preparing for the domestic agricultural chemical registration of the miticide, Flupentiofenox (VANENTA®). There are several promising compounds in the development pipeline, and we are actively pursuing research and development to realize commercialization as soon as possible.

[Accelerating Growth of the Fine Chemicals Business]

We will further solidify the position of the Fine Chemicals Business as the second pillar alongside the agricultural chemicals business. In FY2025, we successfully commercialized and launched high-purity carbonyl sulfide (COS) gas for use in the cutting-edge semiconductor memory field. In FY2026, we will steadily launch this product and put it on track. Moreover, in FY2026, a new plant at the group company K-I CHEMICAL INDUSTRY CO., LTD. began full-scale operations, and this has strengthened the production system for BMIs. BMIs are capturing growing demand due to increasing demand for electronic materials for generative AI servers, as well as their new use in Low Earth Orbit (LEO) satellites, which are attracting attention due to the expansion of the communications networks.

[Reforming Awareness and the Organization through the Introduction of a New Personnel System]

The most important thing for a company, and essential for implementing the above business strategies, is the power of human capital. We introduced a new personnel system in FY2026 with the aim of creating an environment that supports every effort and creating mechanisms that provide a sense of accomplishment in accordance with achievement. By encouraging employees to change their behavior, we aim to revitalize the organization and transform it into a resilient corporate structure.