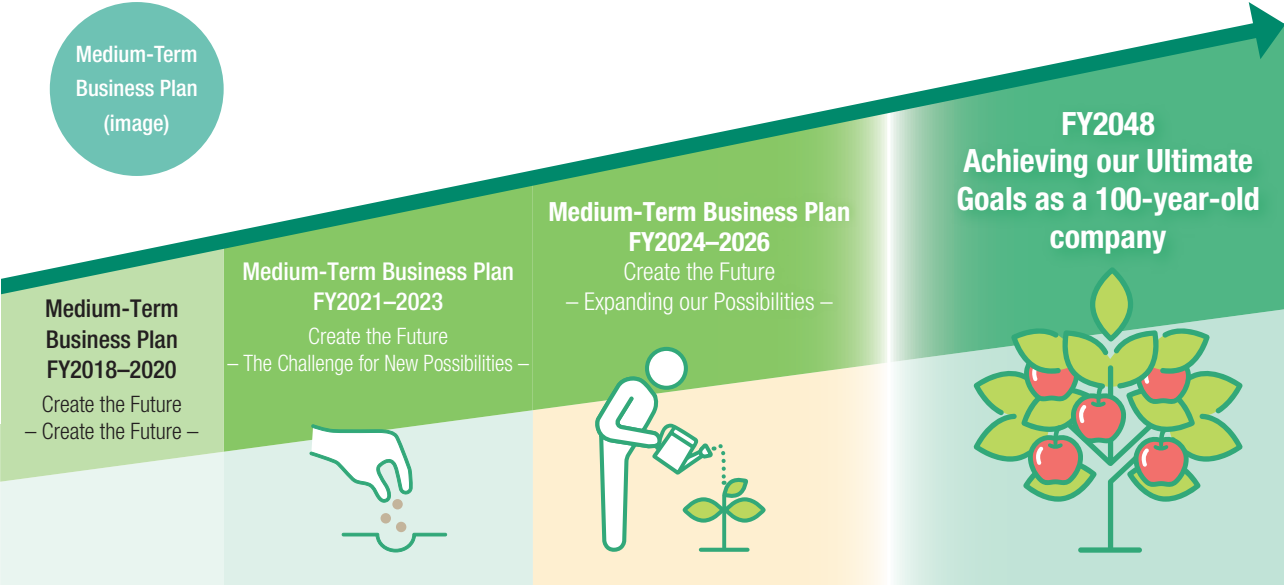


Medium-Term Business Plan (FY2024–2026)

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



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.



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)

Materiality KPI

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.



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

Materiality KPI

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)

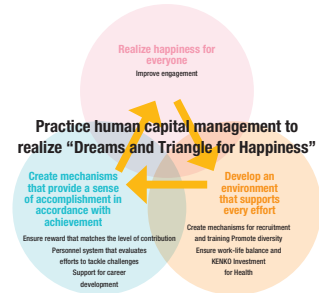
100% Materiality KPI

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.

