

Financial Results for the Fiscal Year Ending 31 October 2024

20 December 2024

Today's Agenda

I . New Management Policy 3
II . Business Environment 6
III . Financial Results for the FY2024 10
IV . Earnings Forecast for the FY2025 19
V . AXEEV Sales Outlook 26
VI . Progress on the Medium-Term Business Plan (FY2024-2026) 33
VII . Q&A	

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New Management Policy

Achievements under the previous management

- ✓ Achieved record sales and profits in FY2023
- ✓ Shifted to sustainability management
- ✓ Launched Initiatives based on the 100-year enterprise concept: expand business and research areas

Towards further improvement of corporate value

Policies under the new management

- Change to a stronger corporate structure
- Improve corporate value through the promotion of sustainability management
- Pursue the well-being of all stakeholders

New Management Policy

1. Change to a stronger corporate structure

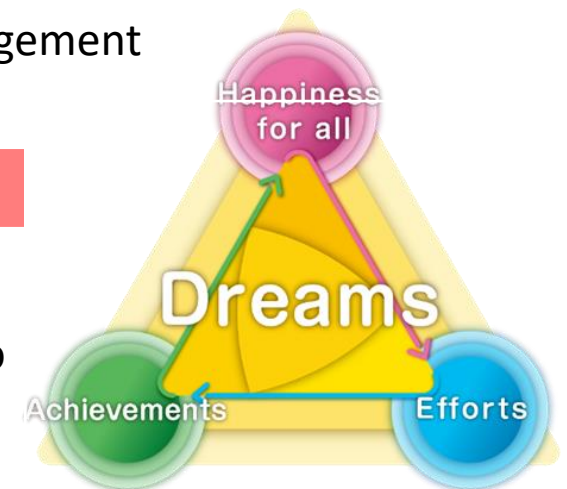
- Strengthen profitability through mindset and reorganization
- Create new value through product and technology development that anticipates customer needs and wants
- Realize the human resources strategy vision and developing human resources
- Implement digitization as a step towards realizing digital transformation

2. Improve corporate value through the promotion of sustainability management

- Promote sustainability management and focus on improving the Group's social value
- Continue activities to achieve a decarbonized society and transition to a circular economy
- Set KPIs to promote diversity and inclusion(D&I), work-life balance, and health management

3. Pursue the happiness of all stakeholders

- Have set "Dream and Triangle for Happiness" as the slogan for current MTBP
- Achieve not only business results and targets, but aim to results of contribute to society and realize a sustainable society



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Business Environment

Prolonged Russia-Ukraine War, Tension in the Middle East Continued

- There is no significant negative impact on sales due to limited transactions
- Meanwhile, tensions in the Middle East will be a factor in higher cost of raw material, manufacturing and logistics through higher oil prices

Crude Oil and Naphtha Prices

- WTI crude futures hovered around 70 dollars per barrel , despite some sharp rises due to tensions in the Middle East, and its volatility was somewhat lower than in FY2023
- Domestic naphtha remained high in FY2024 at over 70,000 yen per kiloliter, although there was a phase of decline due to a lull in the depreciation of the yen

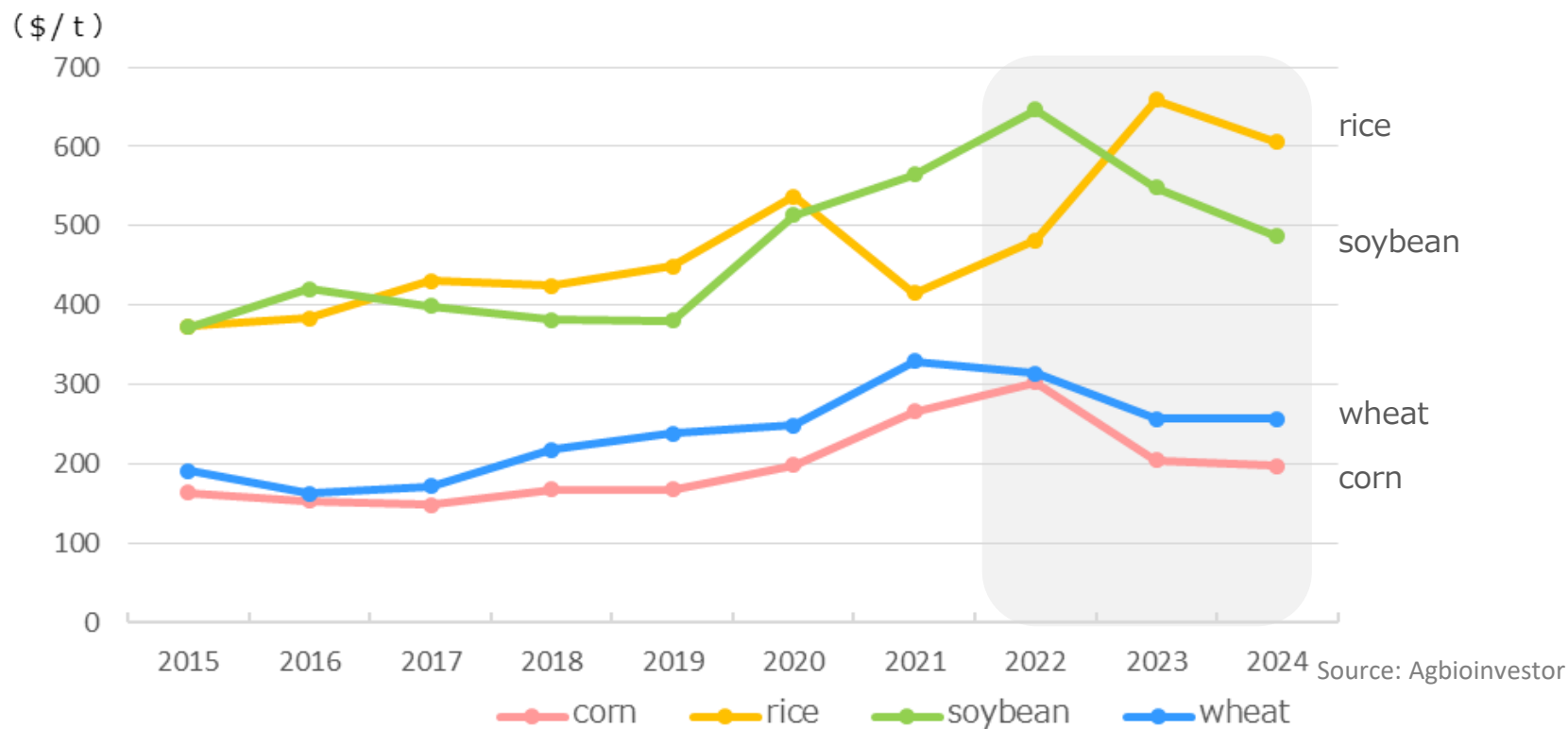
USD/JPY Exchange Rate

FY2023: **¥140** -> FY2024: **¥151**
(Average Rate)

Business Environment

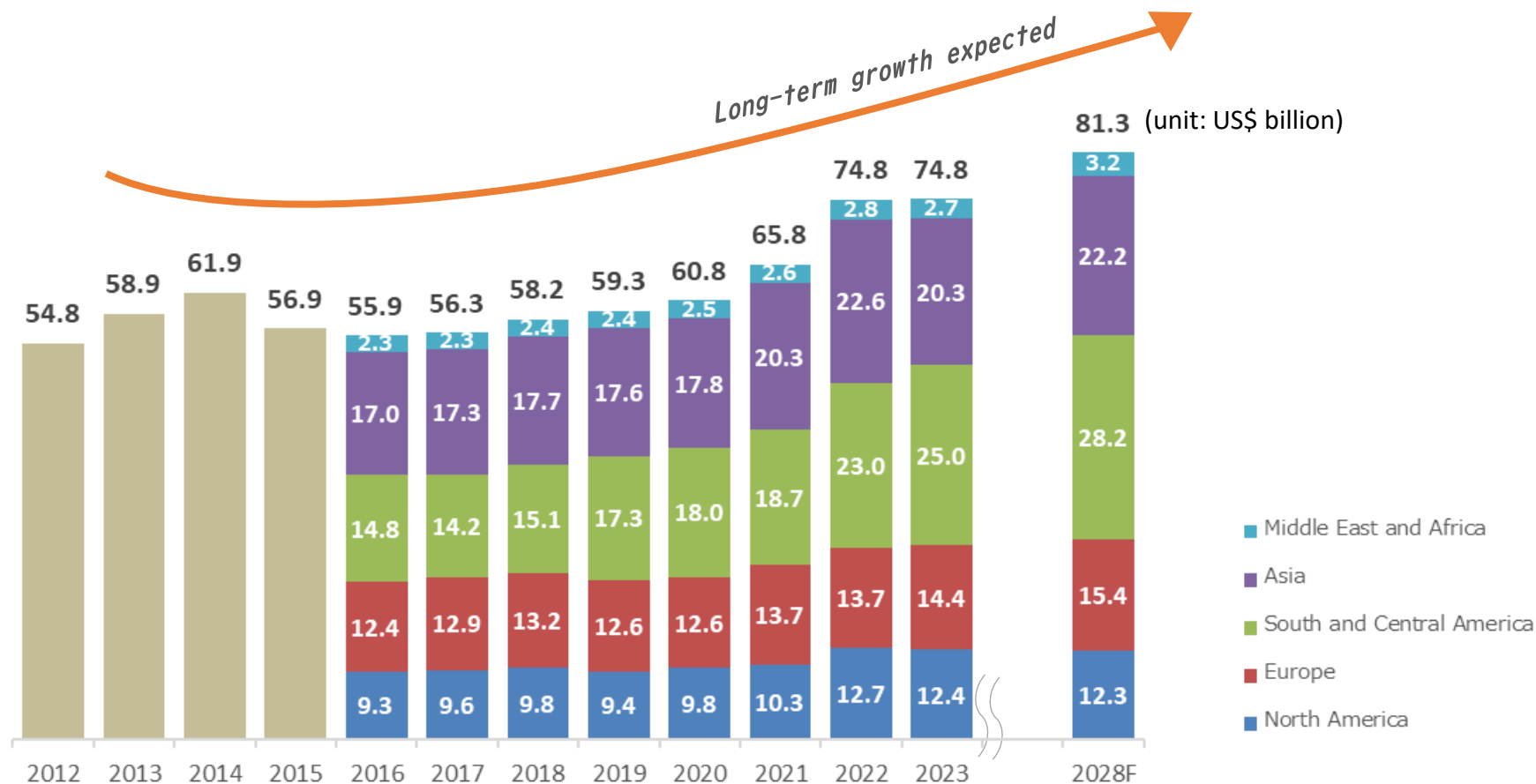
Grain market situations

- Major grain—soybean, wheat, and corn— prices in downtrend
 - Grain prices rose from late 2020 due to increased Chinese import demand and extreme weather conditions
 - Grain prices soared in 2022 due to Russia's invasion of Ukraine
 - Soaring grain prices fell to pre-invasion levels due to good harvests in Brazil and other countries



Business Environment—Market Trends for Agricultural Chemicals

- Overseas market: Shift back to a growth trend as inventory levels normalize
- Domestic market: Flat at around ¥350.0 billion



Source: Agbioinvestor (global market), Crop Life Japan (domestic market)

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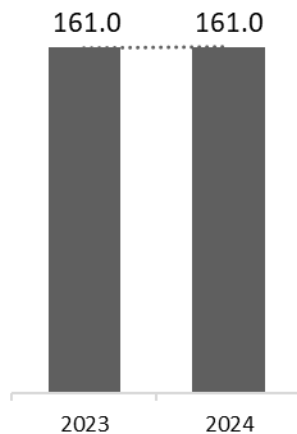
Financial Results for the FY2024—Overview

(unit: ¥ billion)

	2023 results	2024 results	Change (Amount)	Change (%)
Net Sales	161.0	161.0	+0.0	+0%
Gross Profits	36.7	35.4	-1.3	-3%
Operating Income	14.1	11.4	-2.7	-19%
Ordinary Income	24.1	18.3	-5.8	-24%
Net income attributable to owners of parent	18.0	13.6	-4.4	-25%

Ref.) Average of exchange rates ¥/US\$=140 ¥/US\$=151

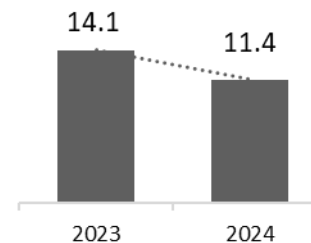
Sales



*PYTD +**¥0.0** billion

- (-) Decrease due to continuous distributor destocking globally in agricultural chemicals
- (+) Significant Increase in sales of bismaleimides due to recovery of demands for semiconductors

Operating Income

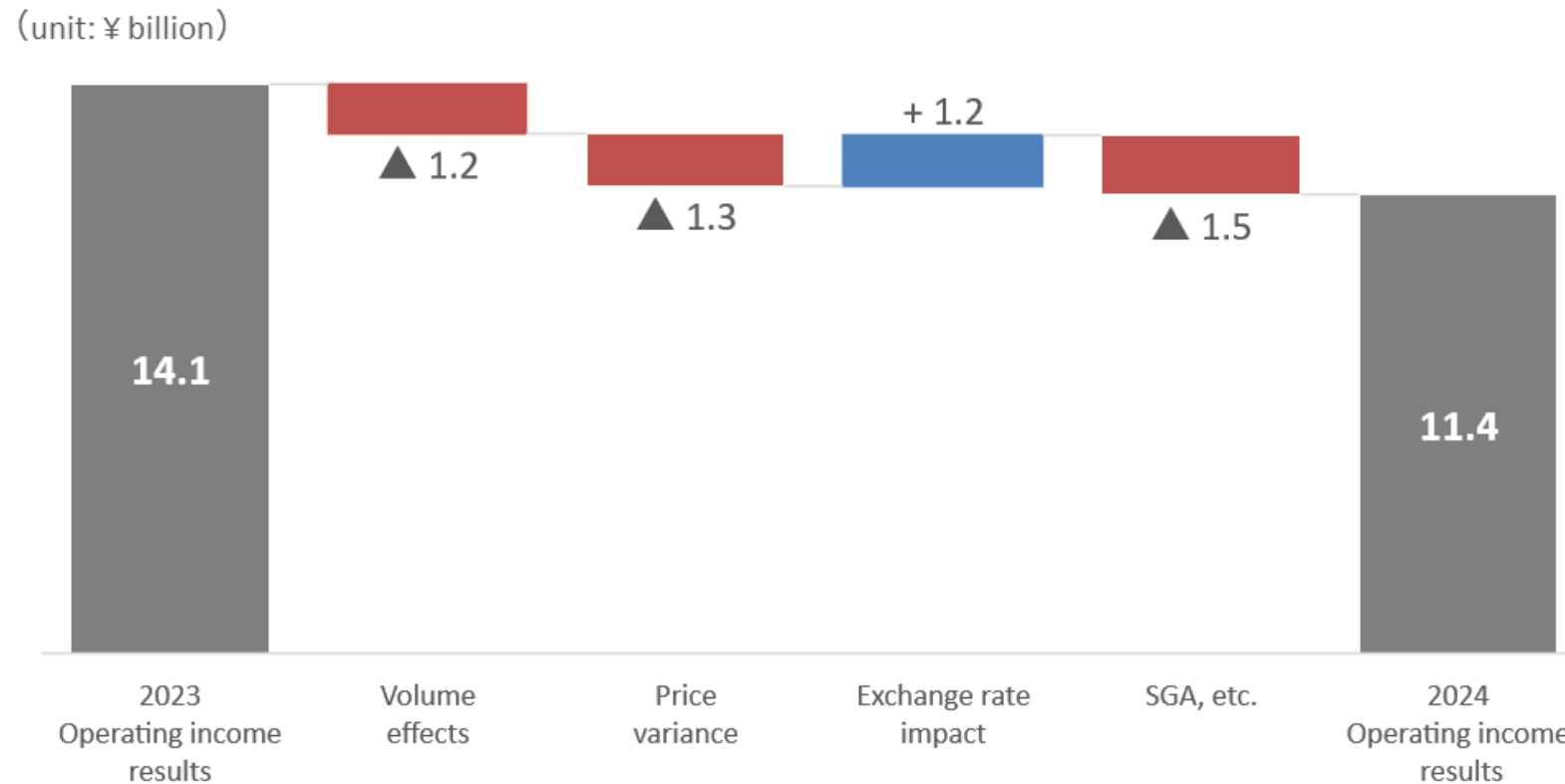


PYTD -**¥2.7** billion

- (-) Decrease in sales of agricultural chemicals
- (-) Increase in SGA expenses

* PYTD : Prior Year-To-Date

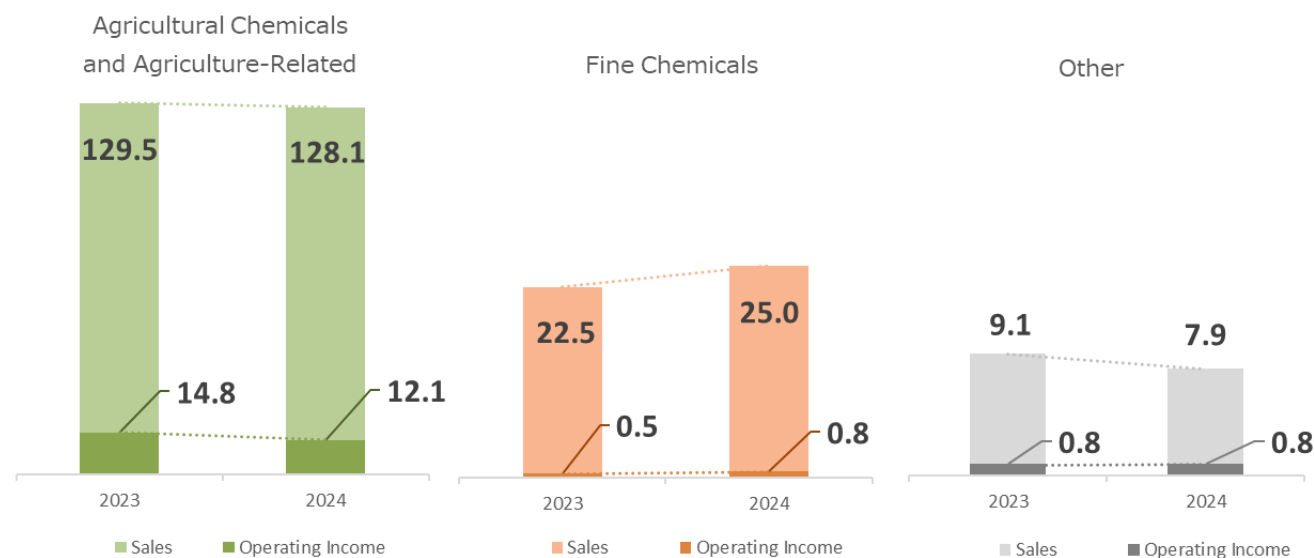
Financial Results for the FY2024—Factors Affecting Changes in Operating Income



Financial Results for the FY2024—Financial Results by Business Segment

(unit: ¥ billion)

	2023 Results	2024 Results	Change (Amount)	Change (%)
Net Sales	161.0	161.0	+0.0	+0%
Agricultural Chemicals and Agriculture-Related	129.5	128.1	-1.3	-1%
Fine Chemicals	22.5	25.0	+2.5	+11%
Other	9.1	7.9	-1.1	-12%
Operating Income	14.1	11.4	-2.7	-19%
Agricultural Chemicals and Agriculture-Related	14.8	12.1	-2.7	-18%
Fine Chemicals	0.5	0.8	+0.2	+46%
Other	0.8	0.8	+0.0	+0%
(Adjustment)	-2.1	-2.4	-0.3	-



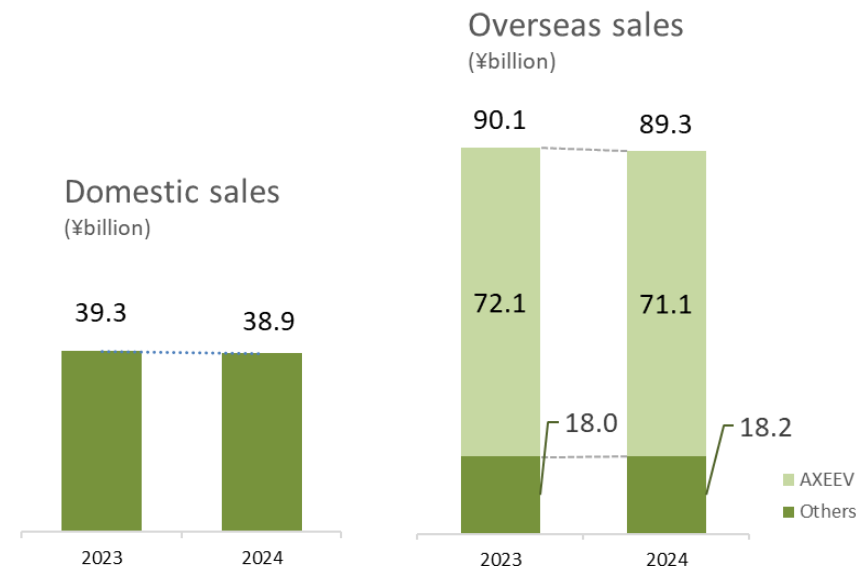
Financial Results for the FY2024—Agricultural Chemicals and Agriculture-Related Businesses

Domestic

- Steady sales of paddy rice herbicide, EFEEEDA
- Top sales of “One-shot herbicide for paddy rice” containing EFEEEDA for four consecutive years
- Steady Sales of paddy rice nursery box application products containing paddy rice fungicide, DISARTA
- Inventory reduction at the distributor in anticipation of the end of sales of some products

Overseas

- Decrease due to continuous distributor destocking globally in agricultural chemicals



Financial Results for the FY2024—Fine Chemicals Business

Chlorination

- Flat in sales Prior Year-To-Date

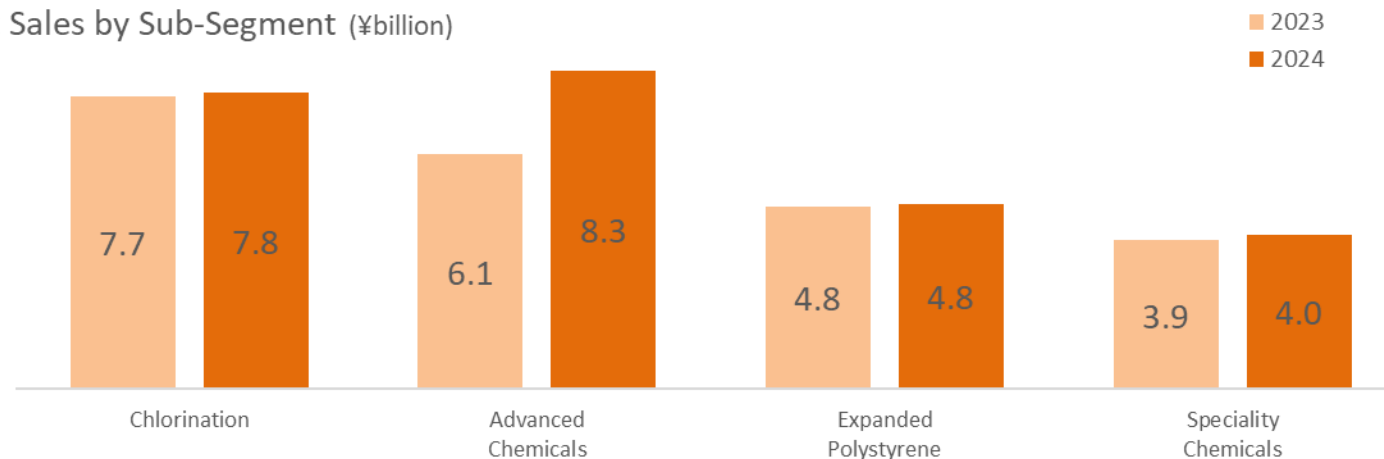
Advanced Chemicals

- Significant Increase in sales of bismaleimides due to recovery of demands for semiconductors

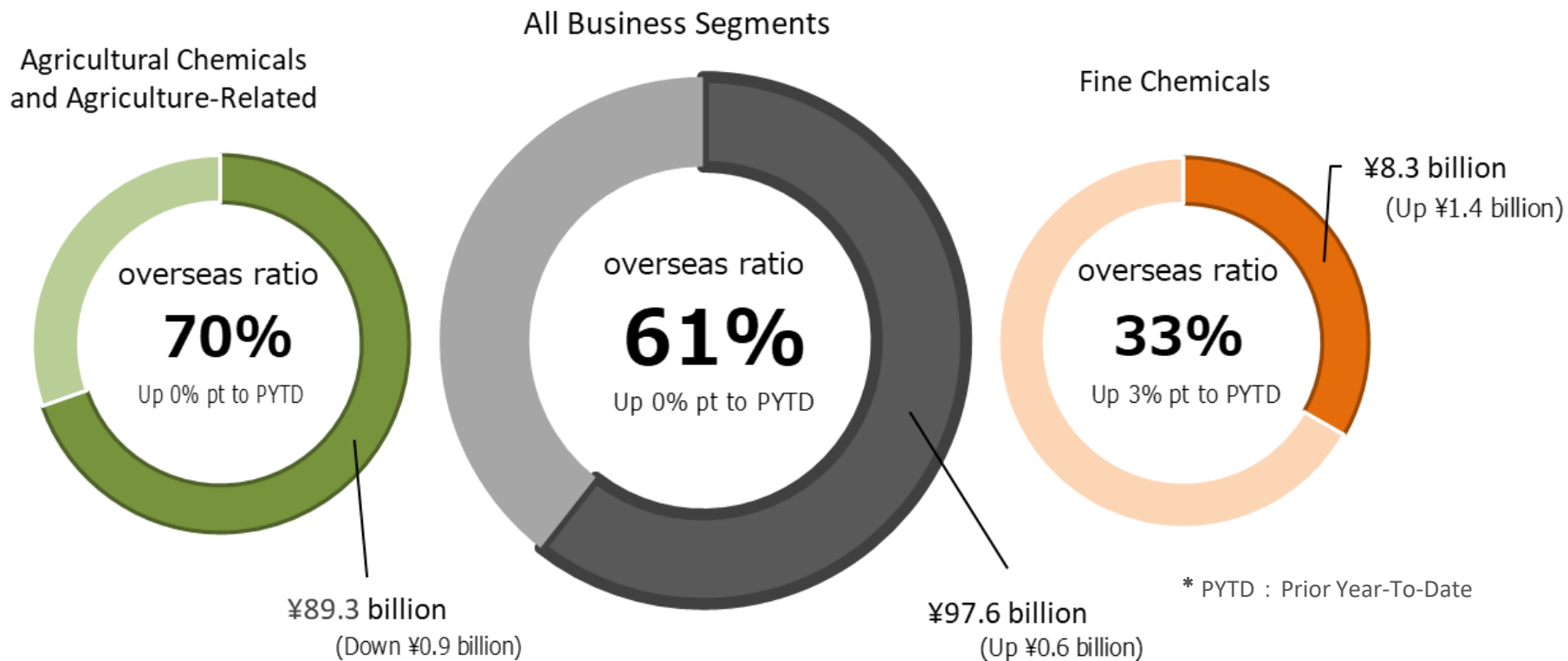
Expanded Polystyrene & Speciality Chemicals

- Flat in sales Prior Year-To-Date

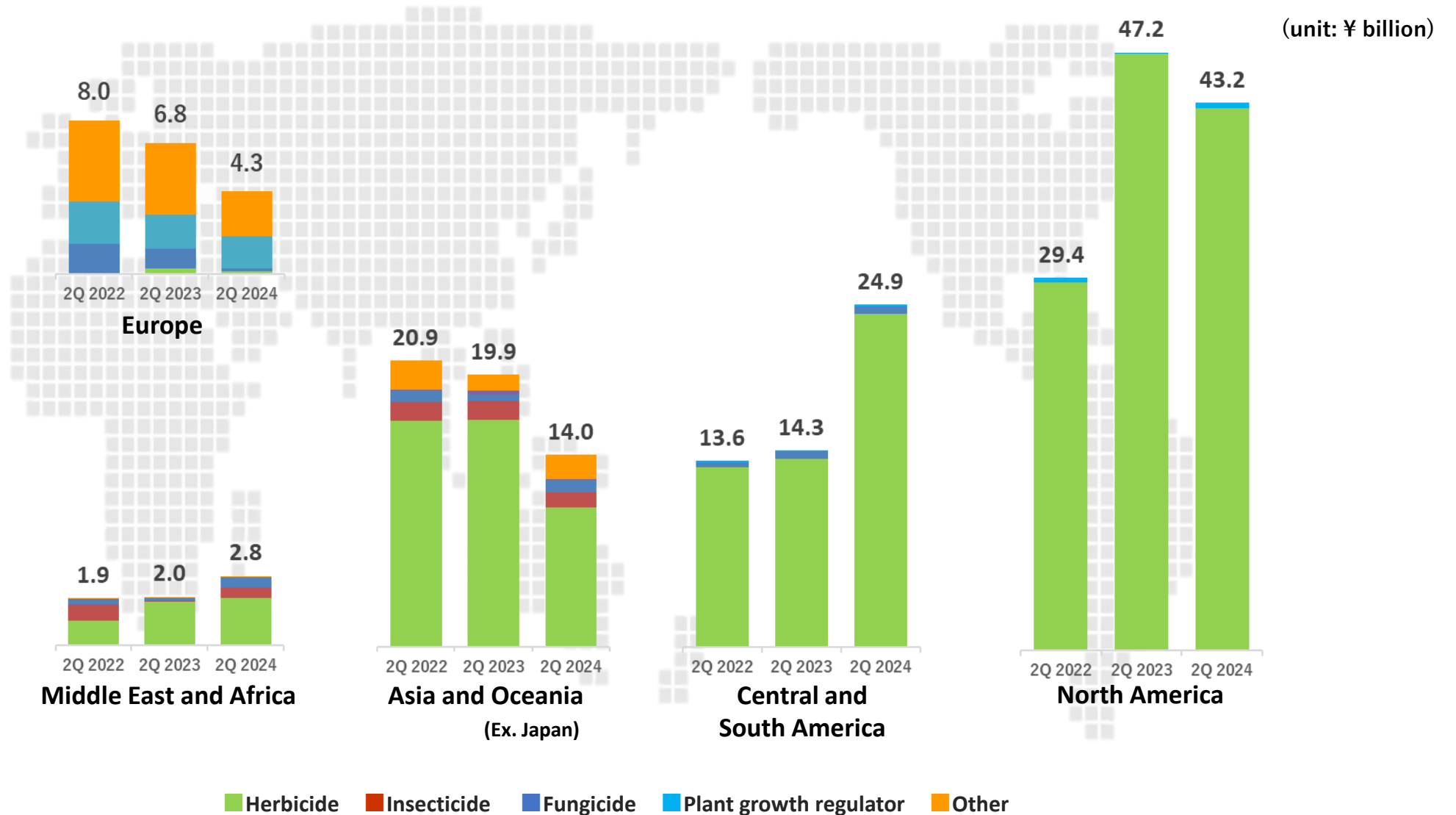
Net Sales by Sub-Segment (¥billion)



Financial Results for the FY2024—Overseas Sales and Ratio for the FY2024



Financial Results for the FY2024—Overseas Net Sales by Region and by Use Category



Financial Results for the FY2024—Summary of the FY2024

All Business Segments

* PYTD : Prior Year-To-Date

Net Sales	¥161.0 billion (PYTD +¥0.0B)	- Decrease in AXEEV sales
Operating Income	¥11.4 billion (PYTD -¥2.7B)	- Increase in Fine Chemicals sales
Ordinary Income	¥18.3 billion (PYTD -¥5.8B)	- Increase in SGA expenses
		- Ordinary Income pushed down by decrease of Equity in earnings of affiliates and foreign exchange gains to PYTD

Agricultural Chemicals and Agriculture-Related

Net Sales	¥128.1 billion (PYTD -¥1.3B)	- Decrease due to continuous distributor destocking globally in agricultural chemicals
Operating Income	¥12.1 billion (PYTD -¥2.7B)	

Fine Chemicals

Net Sales	¥25.0 billion (PYTD +¥2.5B)	- Significant Increase in sales of bismaleimides due to recovery of demands for semiconductors
Operating Income	¥0.8 billion (PYTD +¥0.2B)	

Other

Net Sales	¥7.9 billion (PYTD -¥1.1B)	- Steady sales in printing business and logistics business
Operating Income	¥0.8 billion (PYTD +¥0.0B)	- Reduction in construction work carried forward from the previous fiscal year in construction business
		- Increase in income due to highly profitable projects in construction business

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Earnings Forecast for the FY2025—Overview

(unit: ¥ billion)

	2024 Results	2025 Forecast	Change (Amount)	Change (%)
Net Sales	161.0	159.3	-1.7	-1%
Agricultural Chemicals and Agriculture-Related	128.1	123.5	-4.6	-4%
Fine Chemicals	25.0	26.6	+1.6	+7%
Other	7.9	9.2	+1.3	+16%
Operating Income	11.4	10.4	-1.0	-8%
Ordinary Income	18.3	14.5	-3.8	-21%
Net income attributable to owners of parent	13.6	10.9	-2.7	-20%

Ref.) Average of exchange rates

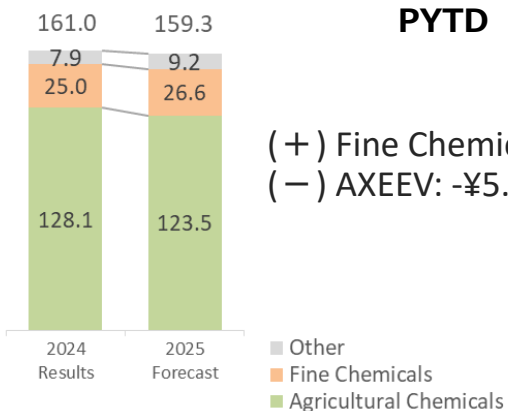
¥/US\$=151

¥/US\$=150

Sales

PYTD -¥1.7billion

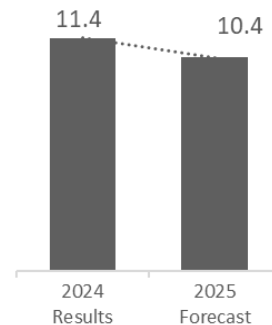
(+) Fine Chemicals: +¥1.6 billion
(-) AXEEV: -¥5.0 billion



Operating Income

PYTD -¥1.0billion

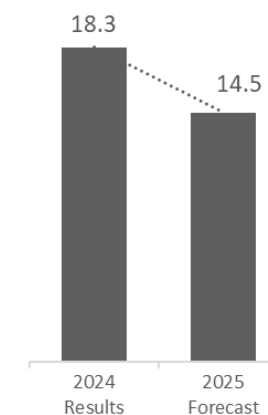
(-) Due to decrease in sales



Ordinary Income

PYTD -¥3.8billion

(-) Equity in earnings of affiliates :
-¥2.3billion



* PYTD : Prior Year-To-Date

Earnings Forecast for the FY2025—Agricultural Chemicals and Agriculture-Related

AXEEV (Herbicide)

Background of Continuous Sales Growth Up to FY2024

- High effectiveness against herbicide resistant weeds
- Grain prices to soar until 2022, then to downtrend
- Effect of the depreciation of the yen
- In FY2024, slight lower sales due to continuous distributor destocking globally

Forecast Sales in FY2025 : ¥66.1 billion

■ To U.S.: ¥3.0 billion sales increase

- Planned increase in sales due to the spread of herbicide resistant weeds

■ To Australia: ¥0.9 billion sales decrease

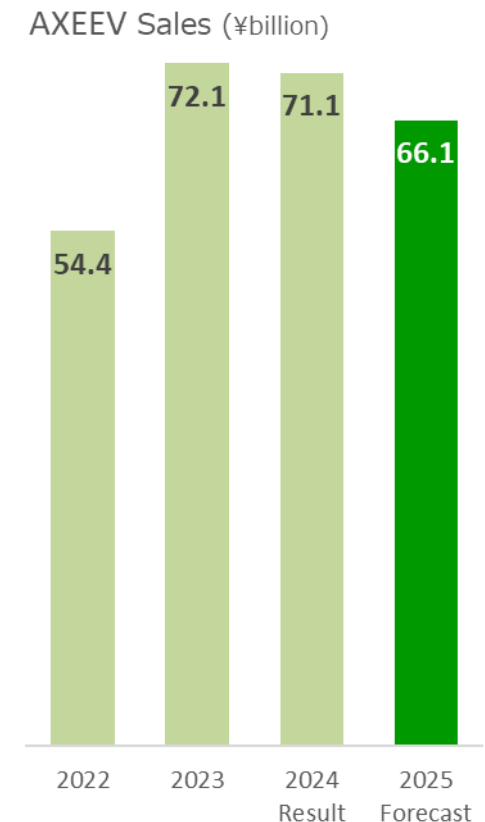
- Planned decrease in sales due to entry of generics

■ To Argentina: ¥3.7 billion sales decrease

- Planned decrease in sales due to price reductions of competing products and continued price pressure from generics

■ To Brazil: ¥3.0 billion sales decrease

- Planned decrease in sales due to farmers' declining willingness to invest by low grain prices



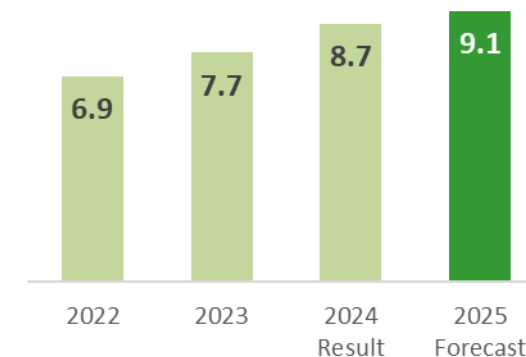
Earnings Forecast for the FY2025—Agricultural Chemicals and Agriculture-Related

EFFEEDA (Herbicide)

Forecast Sales in FY2024 : ¥9.1 billion

- Strong sales with recognition of high effectiveness on weeds and safety on rice
- Planned launch of two new pre-mixtures in Japan, as in the previous year
- In addition to South Korea where EFFEEDA products are currently marketed, Proceed with registration application in Europe as a herbicide for wheat and rice

Effeeda Sales (¥billion)

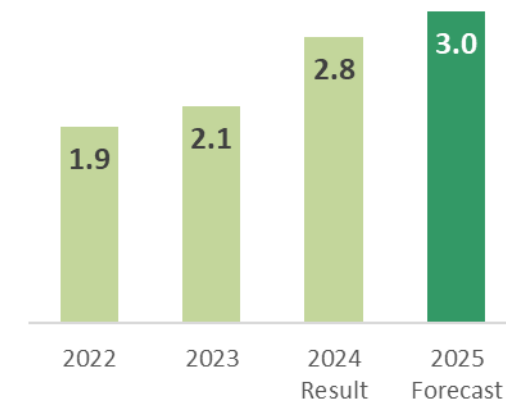


DISARTA (Fungicide)

Forecast Sales in FY2024 : ¥3.0 billion

- Steady sales continuing after launch with recognition of stable effectiveness
- Planned launch of two new products in Japan, as in the previous year
- In addition to South Korea where DISARTA products are currently marketed, Promote overseas development

DISARTA Sales (¥billion)



Earnings Forecast for the FY2025—Fine Chemicals

Chlorination

- Increase in sales volumes of some chloroxylene-based products

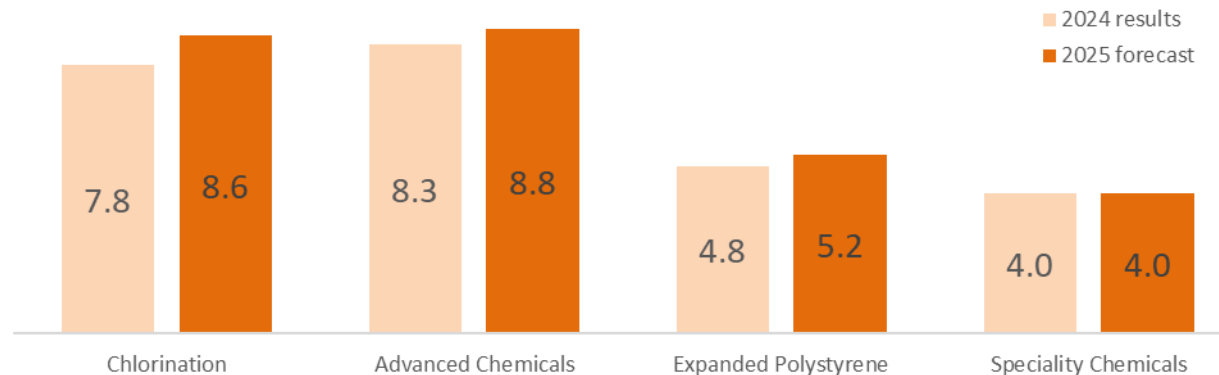
Advanced Chemicals

- Significant Increase in sales of bismaleimides due to recovery of demands for semiconductors

Expanded Polystyrene & Speciality Chemicals

- Flat in sales Prior Year-To-Date

Net Sales by Sub-Segment (¥billion)

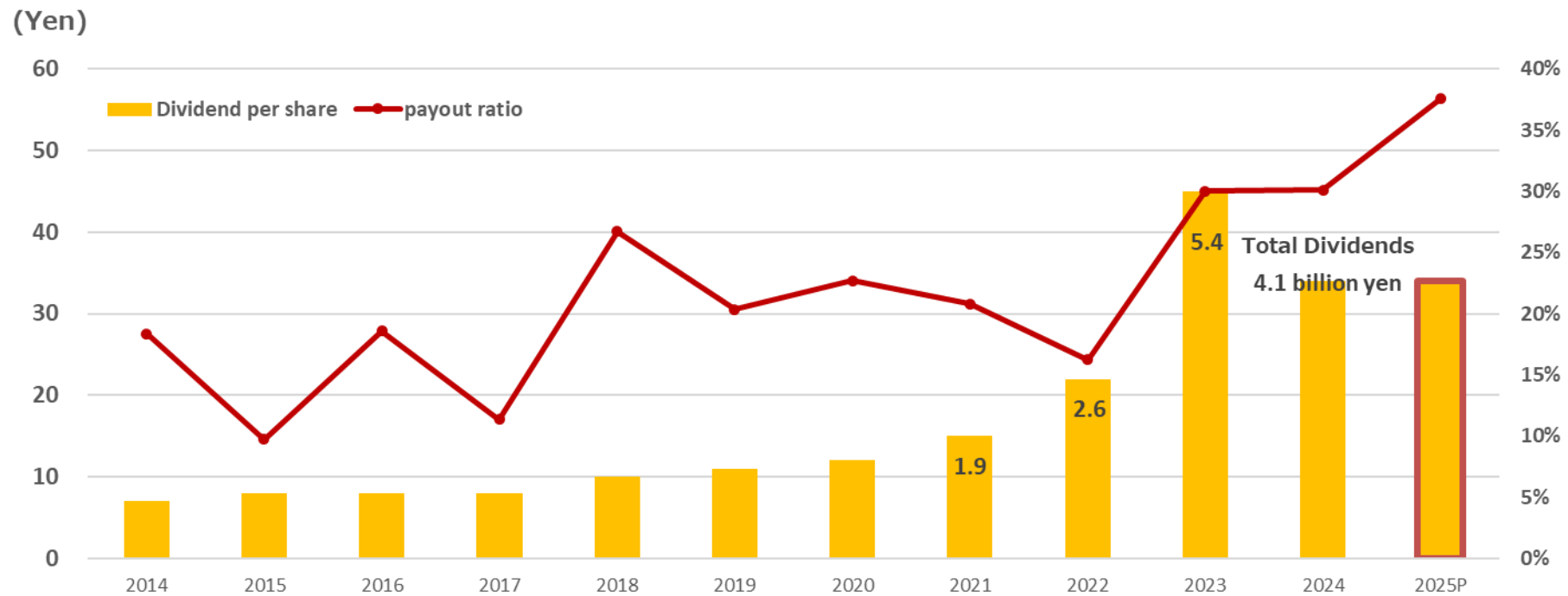


Earnings Forecast for the FY2025—Measures for Shareholder Returns

Target Dividend Payout Ratio of 30% or more

FY2025 Dividend :

Interim Dividend ¥10 + Year-end Dividend ¥24 = Annual Dividend ¥34 Per Share (Payout Ratio: 37.5%)



Earnings Forecast for the FY2025—R&D Expenses, Capital Investment and Depreciation

R&D Expenses

FY2024 Results ¥ **7.0** billion ➔ FY2025 Forecast ¥ **7.1** billion

- (Factors)
- More focus on development of overseas markets
 - Promotion of R&D activities utilizing cutting edge technology

Capital Investment

FY2024 Results ¥ **9.9** billion ➔ FY2025 Forecast ¥ **8.5** billion

- (Factors)
- Renewal of production equipment and R&D facilities
 - Construction of new plant

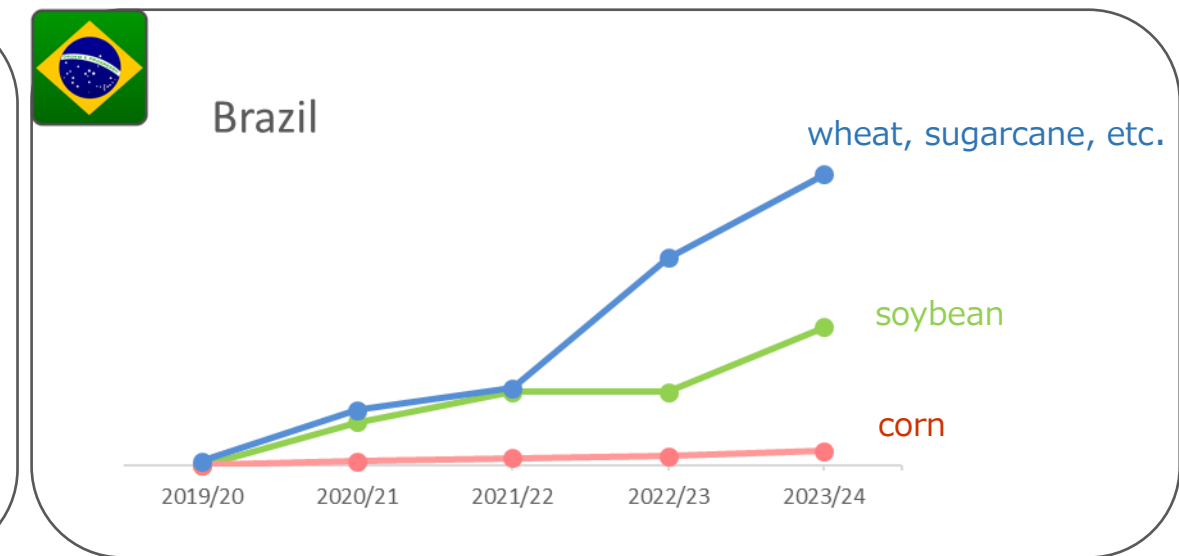
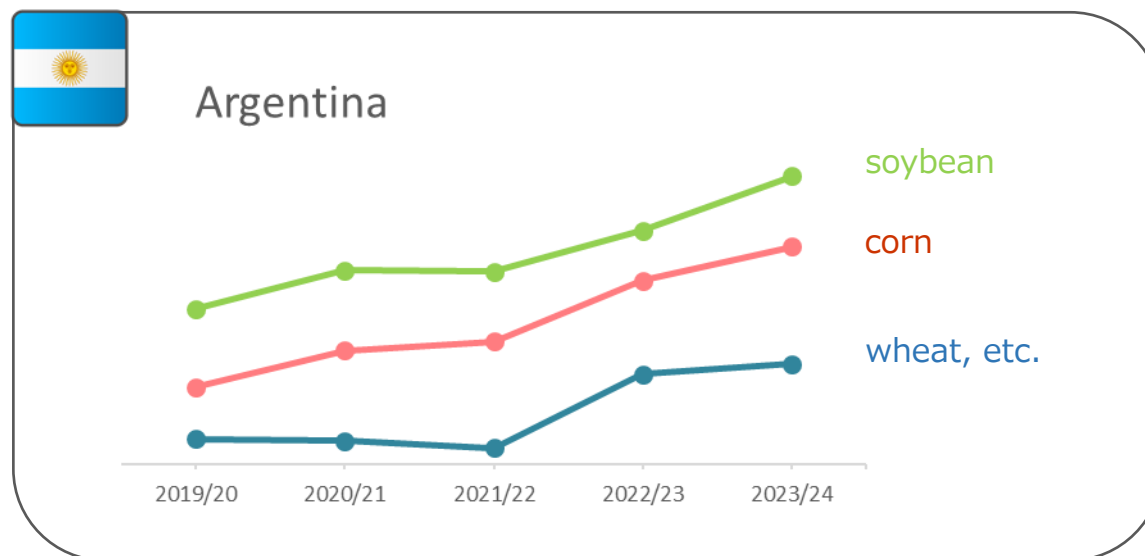
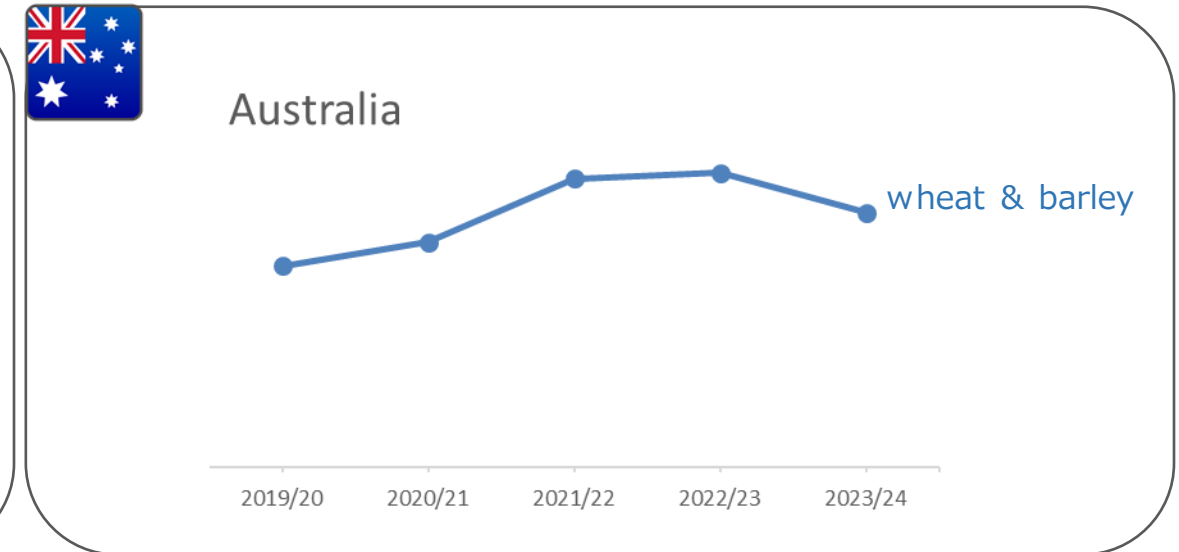
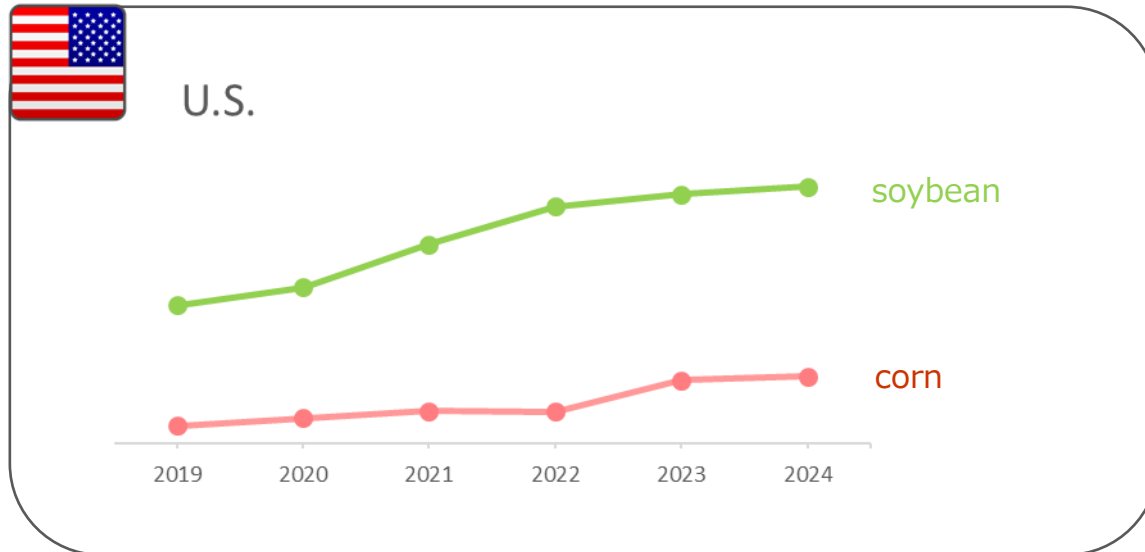
Depreciation

FY2024 Results ¥ **5.3** billion ➔ FY2025 Forecast ¥ **5.2** billion

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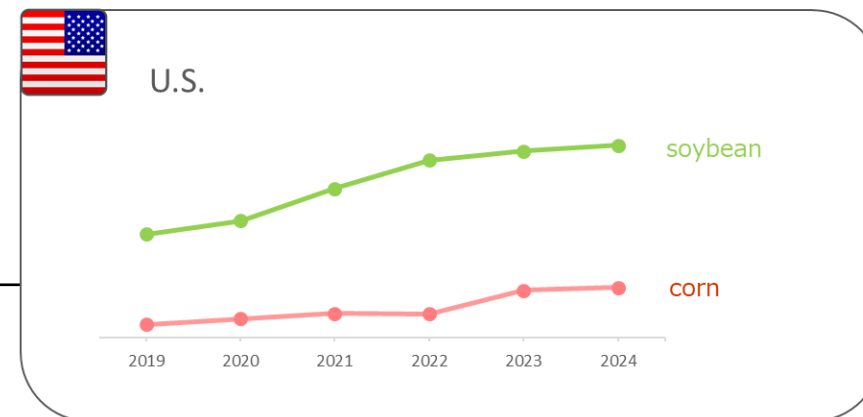
AXEEV Sales Outlook—Changes in the Area of AXEEV Used (Own Research by Kumiai)



AXEEV Sales Outlook—Sales situation by region



U.S.



End-use demand in terms of the area of AXEEV used

- Demand for AXEEV is steady due to the spread of herbicide resistant weeds and the increase in overlapping treatment
- Growth is expected to continue slowly

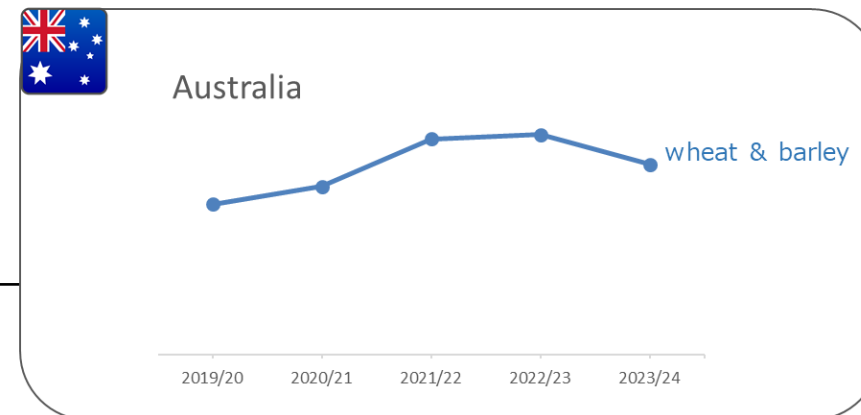
FY2024 (Actual Sales: ¥42.0 billion)

- Impact of global agricultural chemicals inventory adjustments continued
- Price reductions on competing products were noticeable

FY2025 (Forecast Sales: ¥45.0 billion)

- Although shipments are expected to increase due to rising demand, there are concerns as follows:
 1. Further inventory destocking due to high U.S. interest rates
 2. Price reductions on competing products
 3. Increasing price pressure from distributors in anticipation of entry of generics the 2026 season, when the data protection period ends

AXEEV Sales Outlook—Sales situation by region



End-use demand in terms of the area of AXEEV used

- Generics have already entered the market from the 2021/22 season
- The area of AXEEV used decreased slightly in the 2023/24 season

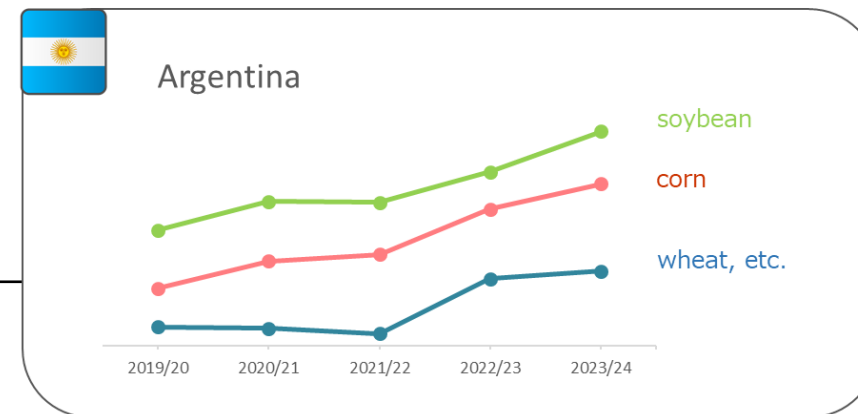
FY2024 (Actual Sales: ¥3.2 billion)

- The full-scale entry of generics and the distribution of patent-infringing products resulted in the loss of approximately 40% of the market share
- Meanwhile, the market size increased by approximately 1.3 times

FY2025 (Forecast Sales: ¥2.3 billion)

- Plans below FY2024, however sales of original products are expected to recover due to legal action against patent-infringing products

AXEEV Sales Outlook—Sales situation by region



End-use demand in terms of the area of AXEEV used

- The area of AXEEV used is steadily increasing for use on soybeans, corn, wheat, and other crops

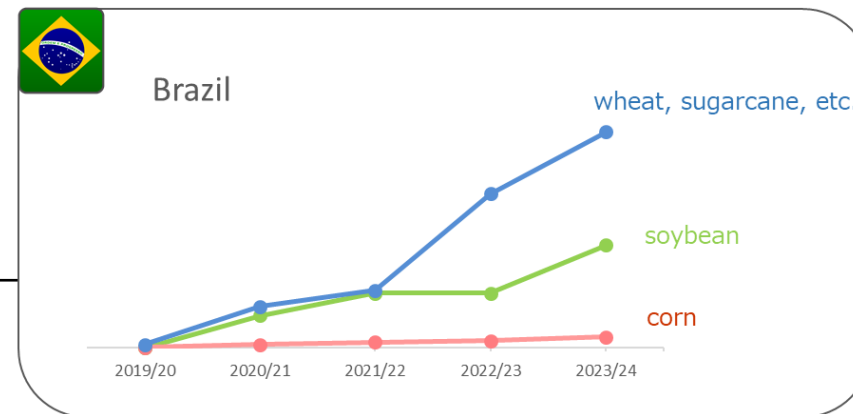
FY2024 (Actual Sales: ¥13.9 billion)

- Entry of generics were Confirmed
- Price reductions for most pre-emergence herbicides in general on the market became conspicuous
- Shipments increased significantly due to Argentina's import deregulation

FY2025 (Forecast Sales: ¥10.2 billion)

- Several generics will enter the market, however the negative impact on sales will be limited
- Price pressure will continue due to price reductions of competing products and entry of generics

AXEEV Sales Outlook—Sales situation by region



End-use demand in terms of the area of AXEEV used

- While the area of AXEEV used for corn has not grown, the area of it used for soybeans, wheat and sugarcane is expanding rapidly
- Growth is expected

FY2024 (Actual Sales: ¥9.2 billion)

- Sales increased as a result of the collaboration with Iharabras S.A.Industrias Quimicas, but decline of farmer's investment due to low grain prices are conspicuous

FY2025 (Forecast Sales: ¥6.2 billion)

- Generics are anticipated to enter the market around 2030, however pressure to reduce agricultural-input prices are anticipated to increase factors such as farmers' declining willingness to invest
- The aim is to maximize market share before entry of generics

AXEEV Sales Outlook—Legal Action Relating to AXEEV

Against Patent Infringing Products Relating to AXEEV

Apr 2024	(Australia)	1. Commenced court proceedings against ADAMA Australia Pty Ltd.
Jul 2024	(Australia)	2. Commenced second court proceeding against Kenso Corporation (M) Sdn. Bhd. and its related entity
Jul 2024	(Australia)	Successfully resolved patent infringement proceeding against ADAMA Australia Pty Ltd.
Jul 2024	(China)	KUMIAI's Pyroxasulfone Process Patent Held Valid in China
Jul 2024	(China)	3. Commenced court proceedings against Anhui Jiuyi Agriculture Co., Ltd and Anhui Jukai Agurochemical Co., Ltd.
Oct 2024	(China)	4. Commenced court proceedings against Hangzhou Kingtai Chemical Co., Ltd.
Oct 2024	(China)	5. Commenced court proceedings against Hebi Baoruide Chemical Co., Ltd.
Nov 2024	(China)	Successfully resolved a patent dispute in China
Nov 2024	(Australia)	6. Commenced court proceedings against Crop Smart Pty Ltd.
Nov 2024	(Australia)	7. Commenced court proceedings against Conquest Crop Protection Pty Ltd.
Nov 2024	(Australia)	8. Commenced court proceedings against 4 Farmers Australia Pty Ltd.
Dec 2024	(China)	9. Commenced court proceedings against Jiangsu Agrochem Laboratory Co.,Ltd.

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Progress on the Medium-Term Business Plan (FY2024-2026)

—Initiatives in the First Year of the MTBP

Expand Business Domains and Promote New Businesses

- Expand sales channels to Asia and Africa through AAI, a group company
- Promote initiatives to realize synergies with GRA, an AgriTech group company
- Promote discussions to expand business areas through collaboration with agricultural manufacturers in other industries—agricultural machinery, facilities, drones, etc.—

Progress on the Medium-Term Business Plan (FY2024-2026)

—Initiatives in the First Year of the MTBP

Strengthen R&D Capabilities

- The Institute of Chemistry(ShIP) started operations in October 2023 as part of the infrastructure development for research activities
 - Plans are currently underway to develop the Institute of Biosciences, with a new research building due to be built in 2027
 - Based on the Institute of Chemistry and the Institute of Biosciences, accelerate to create new agrochemicals development and expand the scope of research
-
- Actively collaborate with external research institutes and promote efforts to establish own active ingredients discovery methods using AI
 - Establish basic technologies that will speed up the development of new pesticides

Progress on the Medium-Term Business Plan (FY2024-2026)

—Initiatives in the First Year of the MTBP

Mitigation of Climate Change and Environmental Impact

Achieve carbon neutrality by FY2048, the 100th year of the company's founding

- Anticipated 30% Reduction in GHG emission, primarily through the introduction of CO₂-free electricity
 - Started J-Credit (i.e., Japanese version of carbon credit) utilization
-
- Participated in the Ministry of the Environment's 30by30 Alliance
 - Started construction of biotope
-
- Started to produce and put into use 1,200 pallets by making effective use of timber from forest thinning from own forests in Fukushima-cho, Hokkaido

Progress on the Medium-Term Business Plan (FY2024-2026)

—Initiatives in the First Year of the MTBP

Human resource development/human resource strategy based on the concept of human capital

- Initiated reform of personnel evaluation and wages system

Improvement of Corporate Governance

- Promote efforts to respect human rights through human rights Due Diligence and participation in the United Nations Global Compact
- Have launched a working group to promote diversity and inclusion (D&I) initiatives and have summarized the current issues and goals, aiming to be a company where everyone can work comfortably

Promotion of Digital Transformation/Implementation of Digitalization

- Promote efforts to establish unique active ingredients discovery methods using AI
- Promote automation in production plants
- Promote a paperless workplace

Progress on the Medium-Term Business Plan (FY2024-2026)

—Development of New Active Ingredients and Technologies

Clarification of the Mode of Action of a New Acaricide, Flupentiofenox (VANENTA)

Effective against spider mites that have developed resistance to existing acaricides due to unique mode of action

(The findings were published online in the *Journal of Agricultural and Food Chemistry* on August 7, 2024)

< Reference diagram >

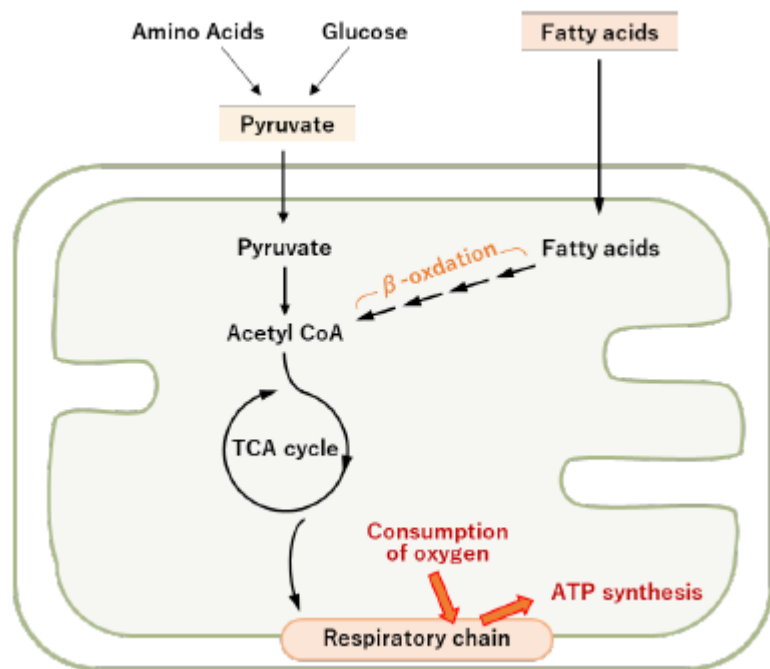


Figure 1. Aerobic energy metabolism in the mitochondria

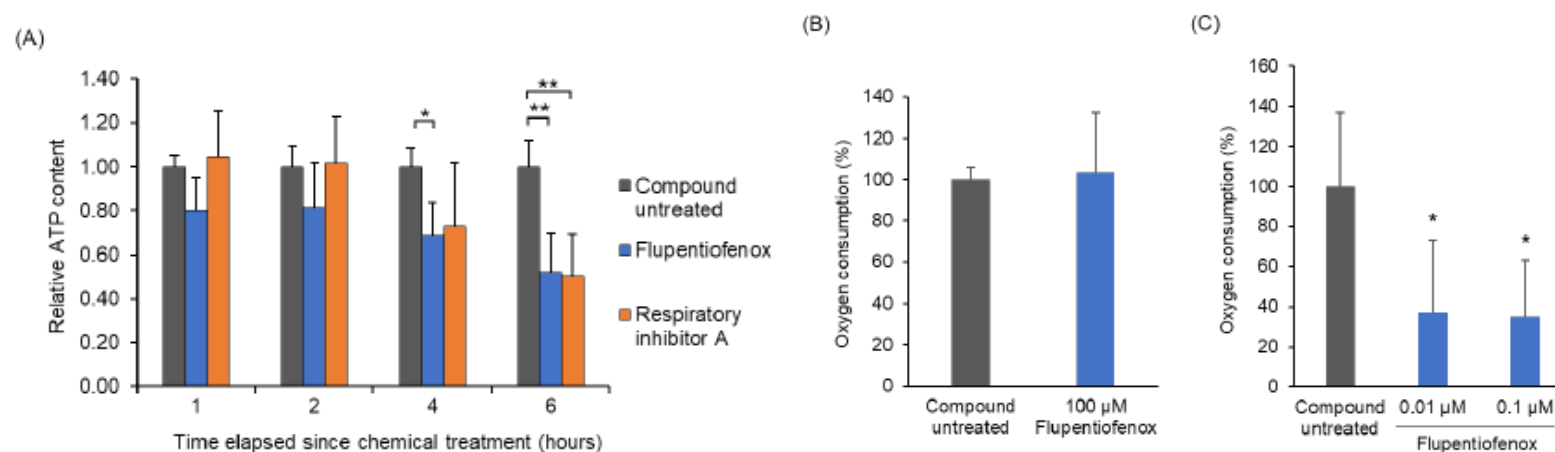


Figure 2. Effect of flupentiofenox

(A) Effect of flupentiofenox on the ATP content in spider mites

(B) Effect on the oxygen consumption under pyruvate supply condition

(C) Effect on the oxygen consumption under long-chain fatty acid supply condition

Progress on the Medium-Term Business Plan (FY2024-2026)

—Development of New Active Ingredients and Technologies

Development of New Active Ingredients

■ Flupentiofenox (Insecticide)

- Under development as an acaricide with a novel mode of action that is effective even against mites that have developed resistance to registered acaricides
- Pesticide registration submitted in May 2023

■ ECO ARK (Microbial pesticide)

- Under development as the only one agricultural product that is effective against the difficult-to-control grapevine crown gall in the world
- Pesticide registration submitted in December 2022

Development of New Technologies

■ Development of biostimulants utilizing microorganisms

■ Technology to control methane gas emissions from agricultural land (International Patent applied for)

- Methanogenesis inhibitor discovered -> Under evaluation for commercialization

Expand Sales of EFFEEDA

■ EFFEEDA (herbicide)

- Under development in Europe as a herbicide for rice and wheat, actively working to expand the product in other regions and target crops, and to develop products that will contribute future achievements following AXEEV

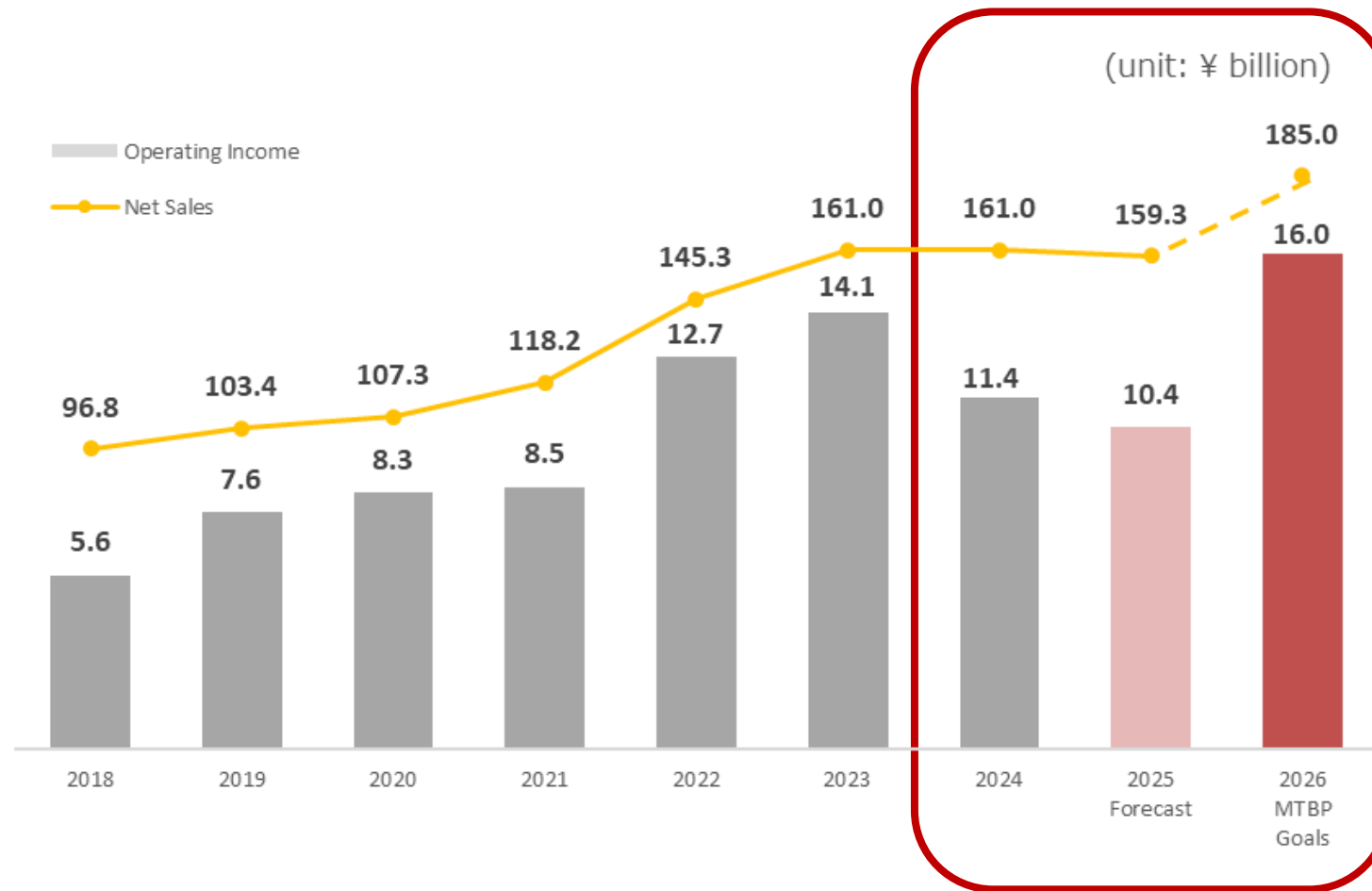
Progress on the Medium-Term Business Plan (FY2024-2026)

—Development of New Active Ingredients and Technologies

Name	Type	Evaluation stage	Development stage	Launched/ Expansion of registered countries or applied crops
Insecticide				
Flupentiofenox (VANENTA)	Acaricide		●	
Insecticide A	Insecticide for paddy rice		●	
Insecticide B	Insecticide for paddy rice and horticulture	●		
Fungicide				
Fungicide A	Fungicide for paddy rice		●	
Fungicide B	Fungicide for fruit trees and vegetables	●		
Fungicide C	Fungicide for field crops	●		
Herbicide				
EFFEEDA	Herbicide for wheat			●
Herbicide A	Herbicide for field crops	●		
Microbial pesticide and biostimulants				
<i>Rhizobium vitis</i> ARK-1 (ECO ARK)	Root tip carcinoma control agent		●	
Microbial pesticide A	Control agent for fruit trees and vegetables	●		
Microorganisms B	Biostimulants	●		
material C	Biostimulants	●		

Progress on the Medium-Term Business Plan (FY2024-2026)

—Changes in Sales and Operating Income



Progress on the Medium-Term Business Plan (FY2024-2026)

Facing revenue headwinds due to changes in AXEEV business environment that exceed expectations :

- Prolonged global inventory destocking of agricultural chemicals due to Covid-19
 - > Increase in own inventory
 - > Overseas competitors and distributors are cutting prices drastically to clear out inventory
- Increasing price pressure from distributors in anticipation of the entry of generics
- Farmers' declining willingness to invest due to low grain prices

- ✓ Take legal action against patent infringement
- ✓ Implement optimal marketing strategies for each market
- ✓ Add high value through development of new pre-mixtures
- ✓ Improve financial soundness by optimizing inventory levels through collaboration with supply chain partners

MTBP Goals

Net Sales:	¥185.0 billion
Operating Income:	¥16.0 billion

Thank you for your attention.

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