

Third Quarter Financial Results for the Fiscal Year Ending 31 October 2024

17 September 2024

Financial Results for the Third Quarter of FY2024

Unit: Billions of Yen

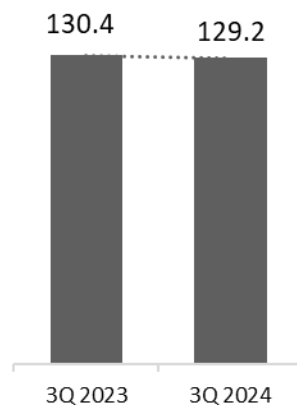
	3Q 2023 results	3Q 2024 results	Change (Amount)	Change (%)
Net Sales	130.4	129.2	-1.2	-1%
Gross Profits	30.2	29.8	-0.5	-2%
Operating Income	14.1	12.3	-1.8	-13%
Ordinary Income	18.7	16.9	-1.8	-9%
Net income attributable to owners of parent	14.5	12.8	-1.7	-11%

Ref.) Average of exchange rates

¥/US\$=137

¥/US\$=152

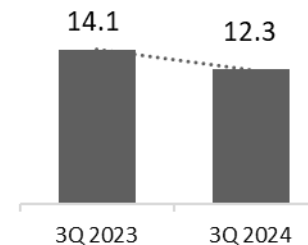
Sales



* PYTD – **¥1.2 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 – **¥1.8 billion**

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

* PYTD : Prior Year-To-Date

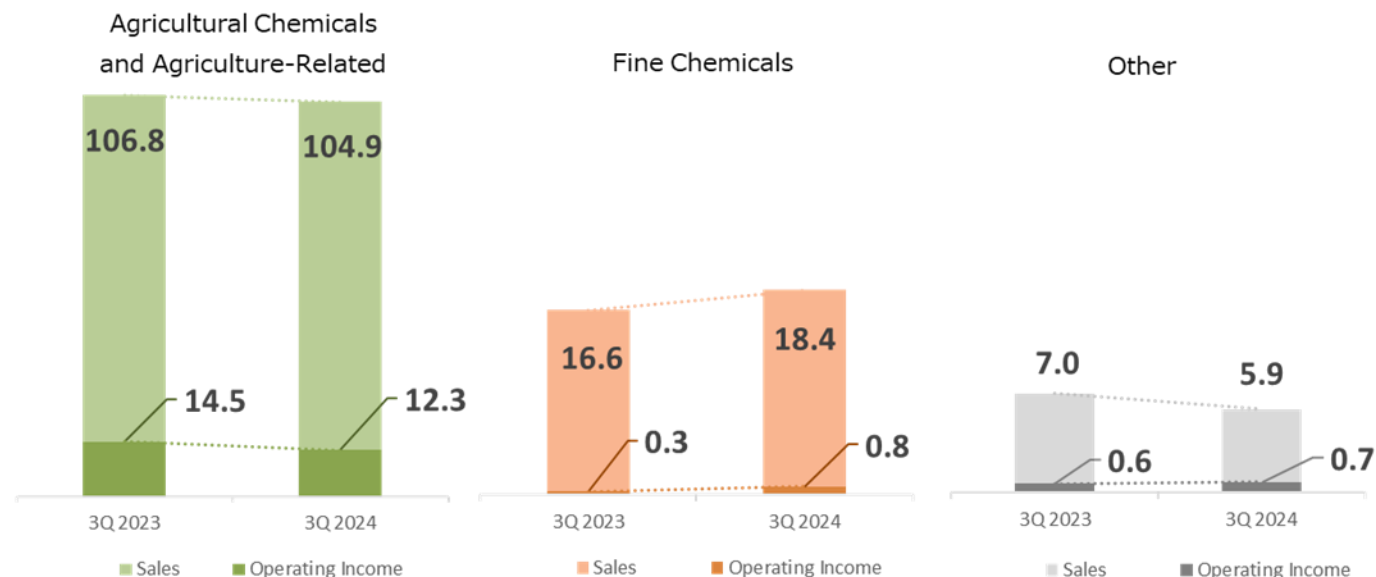
Factors Contributing to Change in Operating Income



Financial Results by Business Segment

Unit: Billions of Yen

	3Q 2023 Results	3Q 2024 Results	Change (Amount)	Change (%)
Net Sales	130.4	129.2	-1.2	-1%
Agricultural Chemicals and Agriculture-Related	106.8	104.9	-1.9	-2%
Fine Chemicals	16.6	18.4	+1.8	+11%
Other	7.0	5.9	-1.1	-16%
Operating Income	14.1	12.3	-1.8	-13%
Agricultural Chemicals and Agriculture-Related	14.5	12.3	-2.2	-15%
Fine Chemicals	0.3	0.8	+0.5	+147%
Other	0.6	0.7	+0.1	+22%
(Adjustment)	-1.3	-1.5	-0.2	-



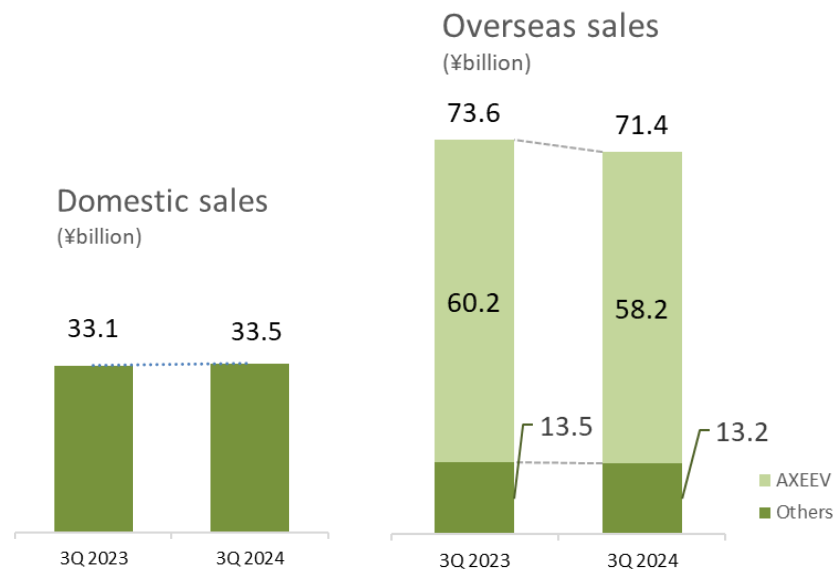
Agricultural Chemicals and Agriculture-Related Businesses

Domestic

- Sales of paddy rice herbicides containing Effeeda remained steady
- Sales of paddy rice nursery box application products containing paddy rice fungicide, DISARTA also remained steady
- 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



Fine Chemicals Business

Chlorination

- Sales were flat Prior Year-To-Date

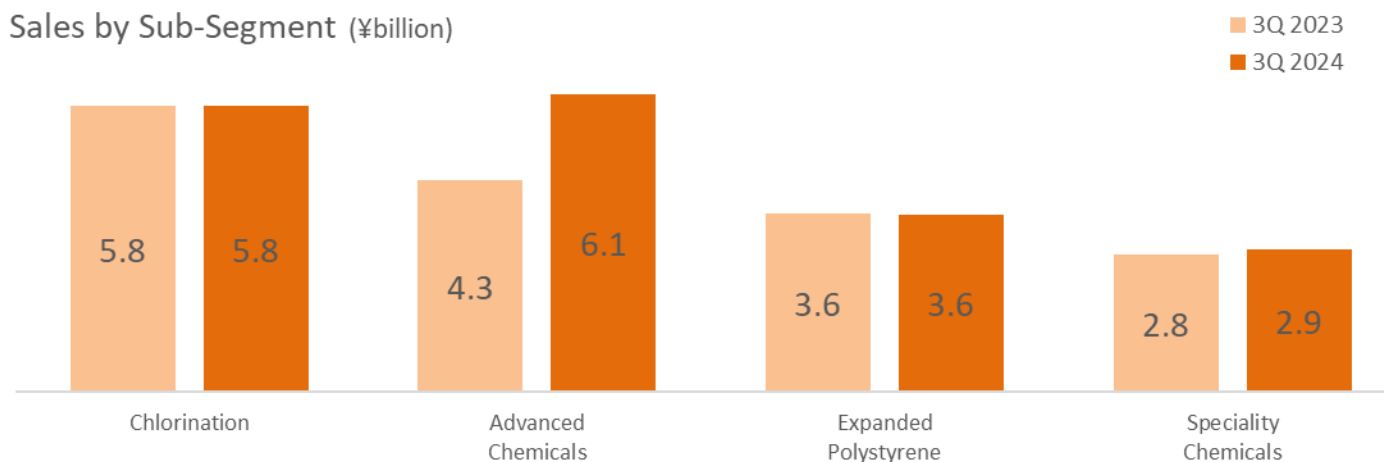
Advanced Chemicals

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

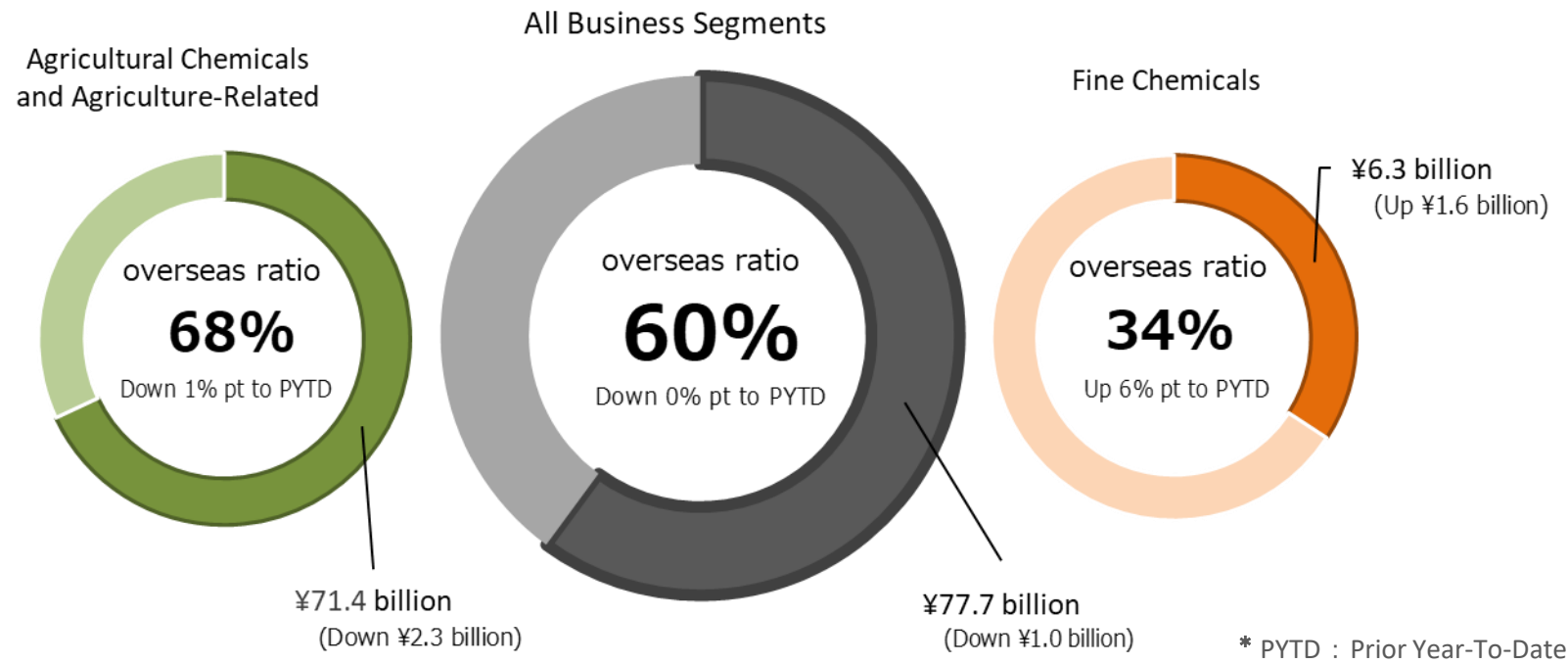
Expanded Polystyrene & Speciality Chemicals

- Sales were flat Prior Year-To-Date

Net Sales by Sub-Segment (¥billion)



Overseas Sales and Ratio for the Third Quarter of FY2024



Summary of the third Quarter of FY2024

All Business Segments

* PYTD : Prior Year-To-Date

Net Sales	¥ 129.2 billion (PYTD -¥1.2B)	• Decrease in AXEEV sales.
Operating Income	¥ 12.3 billion (PYTD -¥1.8B)	• Increase in sales of Fine Chemicals
Ordinary Income	¥ 16.9 billion (PYTD -¥1.8B)	• Equity-method investment gain decreased to PYTD, however the increase of Foreign exchange profits partially offset in Ordinary Income.

Agricultural Chemicals and Agriculture-Related

Net Sales	¥ 104.9 billion (PYTD -¥1.9B)	• Decrease due to continuous distributor destocking globally in agricultural chemicals
Operating Income	¥ 12.3 billion (PYTD -¥2.2B)	

Fine Chemicals

Net Sales	¥ 18.4 billion (PYTD +¥1.8B)	• Significant Increase in sales of bismaleimides due to recovery of demands for semiconductors.
Operating Income	¥ 0.8 billion (PYTD +¥0.5B)	

Other

Net Sales	¥ 5.9 billion (PYTD -¥1.1B)	• Steady sales in printing business and logistics business.
Operating Income	¥ 0.7 billion (PYTD +¥0.1B)	• Reduction in construction work carried forward from the previous fiscal year in construction business. • Increase of profit due to highly profitable projects in construction business .

Revised Earnings Forecast for the FY2024 (PYTD)

Unit: Billions of Yen

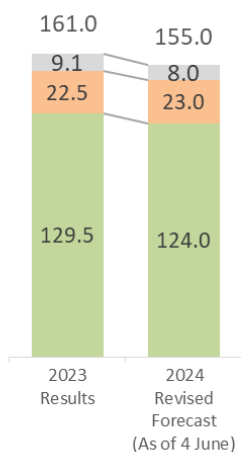
Maintain Previous Forecast (As of 4 June)	2023 Results	2024 Revised Forecast (As of 4 June)	Change (Amount)	Change (%)
Net Sales	161.0	155.0	-6.0	-4%
Agricultural Chemicals and Agriculture-Related	129.5	124.0	-5.5	-4%
Fine Chemicals	22.5	23.0	+0.5	+2%
Other	9.1	8.0	-1.1	-12%
Operating Income	14.1	10.0	-4.1	-29%
Ordinary Income	24.1	15.5	-8.6	-36%
Net income attributable to owners of parent	18.0	12.0	-6.0	-33%

Ref.) Average of exchange rates

¥/US\$=140

¥/US\$=145

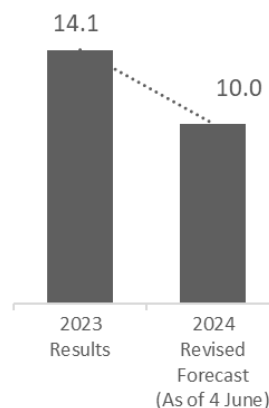
Sales



PYTD - ¥6.0 billion

- (-) AXEEV: -3.4 billion
- (-) Fungicide for Europe: -0.7 billion

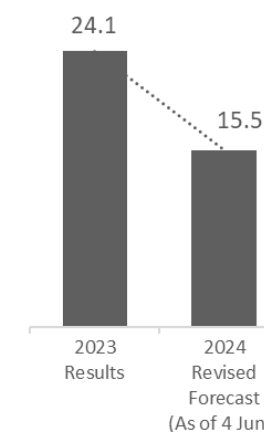
Operating Income



PYTD - ¥4.1 billion

- (-) Increase in SGA expenses.
- (-) Raising COGS due to higher costs of raw materials, fuel and logistics.

Ordinary Income



PYTD - ¥8.6 billion

- (-) Foreign exchange profits and losses: -1.9 billion
- (-) Equity-method investment gain: -1.9 billion

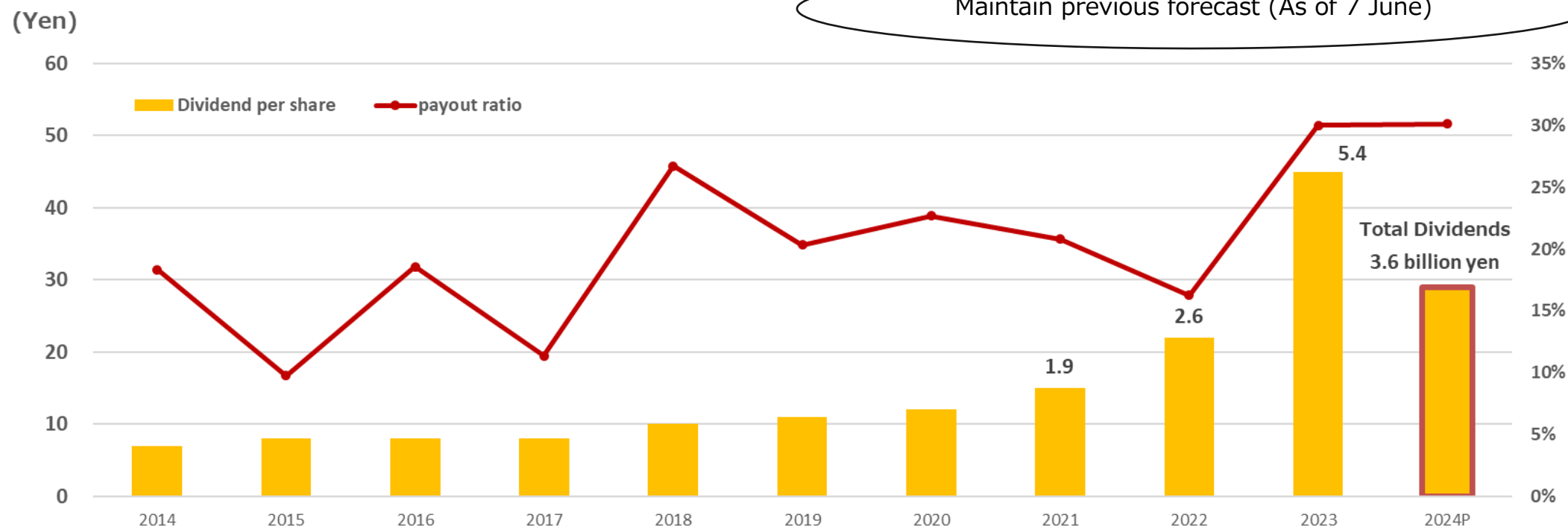
* PYTD : Prior Year-To-Date

Measures for Shareholder Returns

Target dividend payout ratio of 30% or more

FY2024 dividend forecast (Revised as of 7 June) :

Interim dividend ¥10 + Year-end dividend ¥20 = Annual dividend ¥30 per share (payout ratio: 30.1%)



R&D expenses, Capital investment and Depreciation

R&D expenses

FY2023 Results ¥ **6.2** billion → FY2024 Forecast ¥ **7.2** billion

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

Capital investment

FY2023 Results ¥ **8.7** billion → FY2024 Forecast ¥ **10.2** billion

- (Factors)
- Renewal of deteriorated production facilities
 - Establishment plants and facilities relating to Fine Chemicals Business

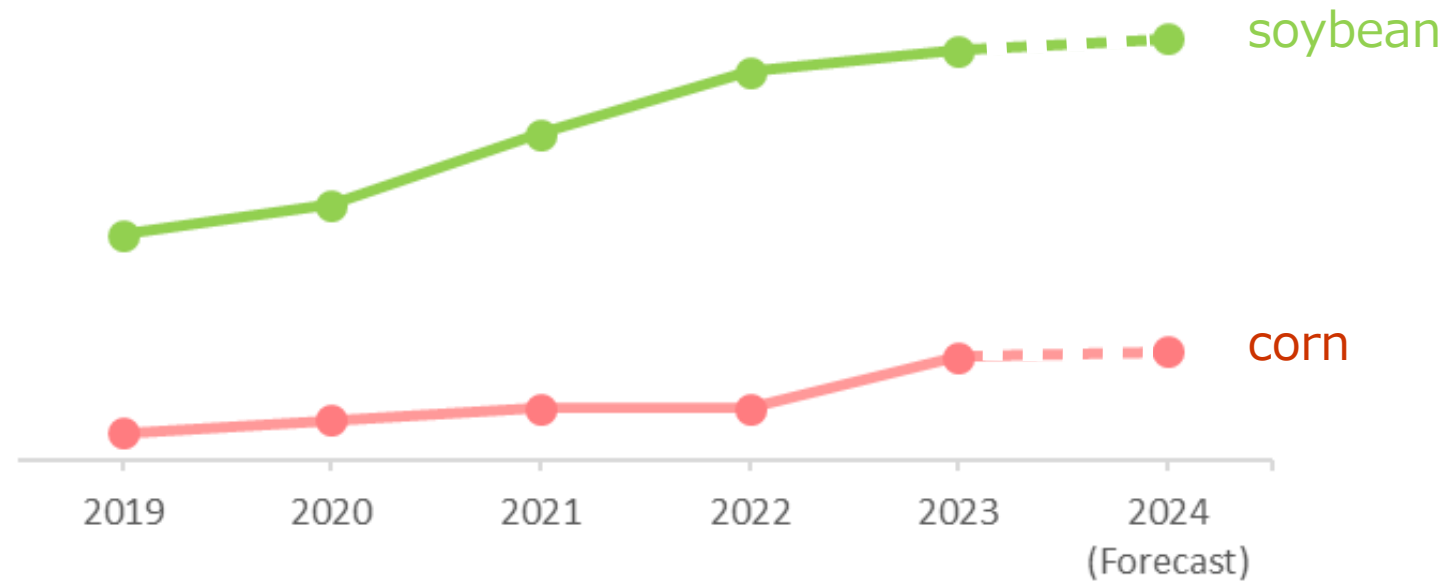
Depreciation

FY2023 Results ¥ **4.4** billion → FY2024 Forecast ¥ **5.1** billion

- (Factors)
- Increase in depreciation due to capital investment of new chemical institute(ShIP) and production facilities

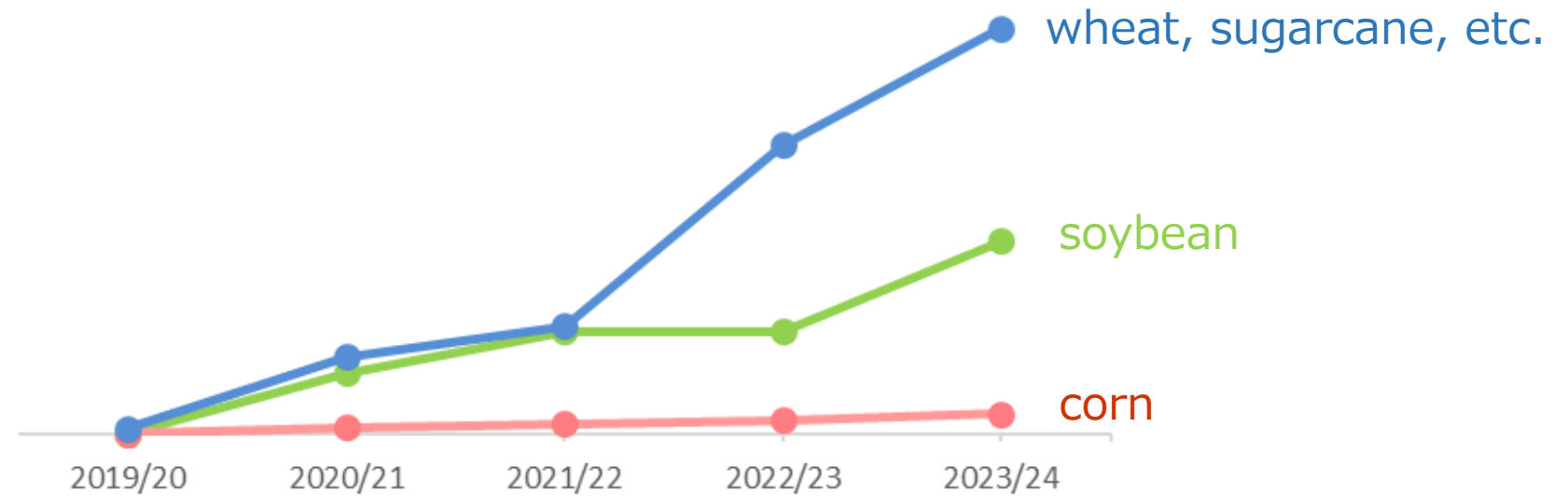
Changes in The Area of AXEEV Used ①

Changes in The Area of AXEEV Used in U.S. (Own Research by Kumiai)



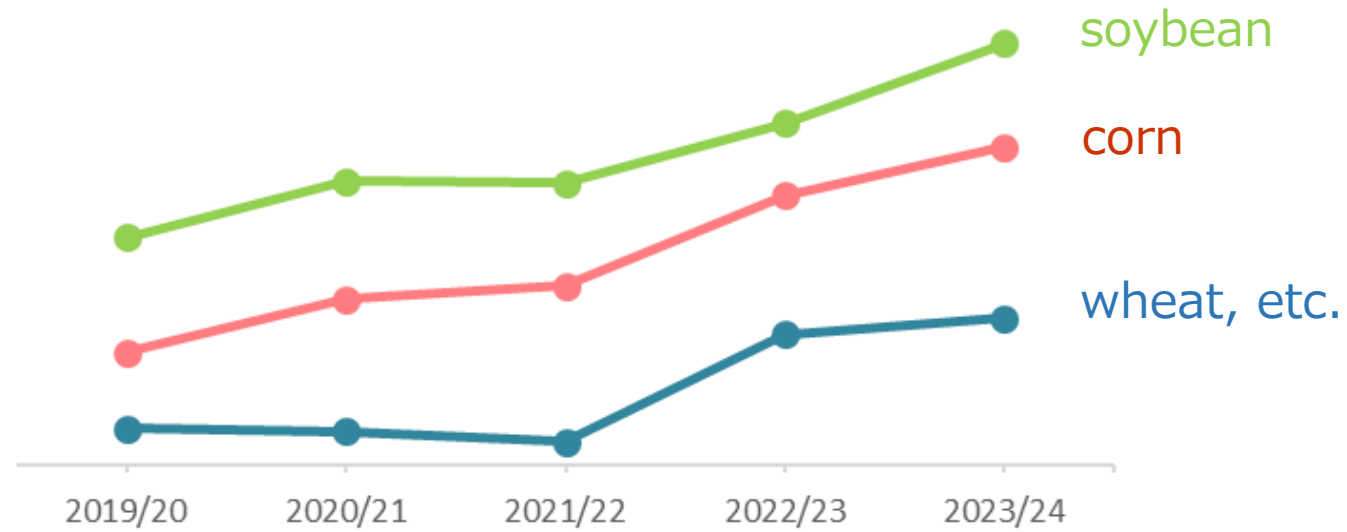
Changes in The Area of AXEEV Used ②

Changes in The Area of AXEEV Used in Brazil (Own Research by Kumiai)



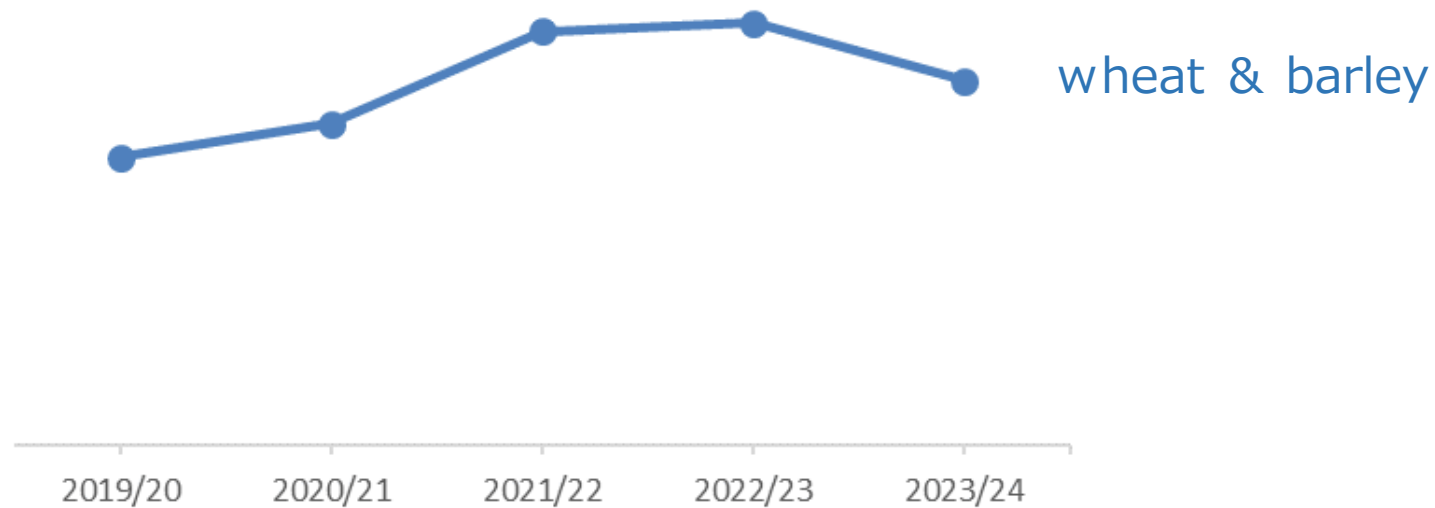
Changes in The Area of AXEEV Used ③

Changes in The Area of AXEEV Used in Argentina (Own Research by Kumiai)



Changes in The Area of AXEEV Used ④

Changes in The Area of AXEEV Used in Australia (Own Research by Kumiai)



Countermeasures to Generic and Illegal Products (Australia①)

Sued ADAMA Australia Pty Limited for patent infringement ⇒ **Successfully resolved**

The Federal Court of Australia made orders finalizing this proceeding on 19 July 2024

- ✓ ADAMA Australia will not, in Australia, during the term of Australian Innovation Patent, (a) sell, otherwise disposing or offering to sell or otherwise dispose, (b) use or import, and (c) keep for the purpose of doing any of those acts described in (a) and (b) in relation to any pyroxasulfone product produced by the process claimed in the Patent, without the license or authority of Kumiai.

Pyroxasulfone
(Common Name)

||

AXEEV
(Kumiai Brand Name)

Countermeasures to Generic and Illegal Products (Australia②)

Sued Kenso Corporation (M) Sdn. Bhd. and Kenso Agcare Pty Ltd. for patent infringement

12 July 2024

Kumiai commences second court proceeding in Australia in relation to a third party pyroxasulfone product

Kumiai Chemical Industry Co., Ltd. is one of the world's leading agrochemical companies with over 70 years' experience in manufacturing herbicide products.

Kumiai manufactures Sakura® 850 WG pyroxasulfone herbicide which has been trusted by Australian farmers for years. Kumiai has a global patent portfolio which includes Australian patents relating to pyroxasulfone herbicide.

On 5 July 2024, Kumiai commenced patent infringement proceedings against Kenso Corporation (M) Sdn. Bhd. and its related entity, Kenso Agcare Pty Ltd., in relation to the distribution and sale of the Kudos® 850 WG pyroxasulfone product in Australia.

Countermeasures to Generic and Illegal Products (China①)

Sued Anhui Jiuyi Agriculture Co.,Ltd. and Anhui jukai Agrochemical Co.,Ltd. for patent infringement

29 July 2024

**Kumiai commences court proceedings
against third parties in China in relation to pyroxasulfone product**

On 28 June 2024, Kumiai Chemical Industry Co., Ltd. ('Kumiai') commenced patent infringement litigation in China against Anhui Jiuyi Agriculture Co., Ltd. and its subsidiary, Anhui Jukai Agrochemical Co., Ltd. (hereinafter referred to as 'Anhui Jiuyi' and 'Anhui Jukai', respectively).

Kumiai has requested the court to stop Anhui Jiuyi and Anhui Jukai from engaging in activities that infringe upon Kumiai's intermediate compound patent, which protects a critical intermediate compound required for the production of the pyroxasulfone herbicide product. In addition, Kumiai has demanded compensation of relevant damages from Anhui Jiuyi and Anhui Jukai.

Countermeasures to Generic and Illegal Products (China②)

Confirmation of validity on Kumiai's Manufacturing Process Patent in China

23 July 2024

KUMIAI's Pyroxasulfone Process Patent Held Valid in China

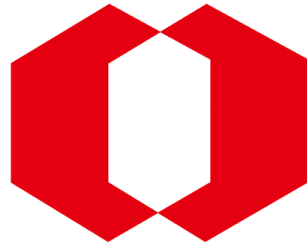
Kumiai Chemical Industry Co., Ltd. ("KUMIAI") is pleased to announce that it recently received a positive decision from the China National Intellectual Property Administration ("CNIPA") that found KUMIAI's Chinese invention patent ZL200580010635.9 to be fully valid despite an invalidation petition.

This patent, titled "Process for producing 5-hydroxy-4-thiomethylpyrazole compound," covers the production process of a key intermediate compound used to make KUMIAI'S innovative herbicide pyroxasulfone.

The invalidation petition was filed by a Chinese company called Lianhetech (Dezhou) Co. Ltd., in response to the patent enforcement action initiated by KUMIAI against them last year regarding their use of an intermediate production method that was believed to fall in the scope of KUMIAI's patent. The enforcement proceeding is still ongoing.

Thank you for your attention.

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Statements in this document regarding earnings forecasts and other forward-looking statements are expectations based on information available at the time the material was prepared and include potential risks and uncertainties. Actual results may differ from these earnings forecasts due to a variety of factors.

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Information other than information on the Company and its affiliated companies is based on publicly available information and the accuracy of such information is not guaranteed.

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Planning & Coordination Division

Please also see the corporate website. <https://ir.kumiai-chem.co.jp/en/index.html>