KUMIAI CHEMICAL INDUSTRY CO., LTD.

KUMIAI CHEMICAL GROUP Integrated Report 2026

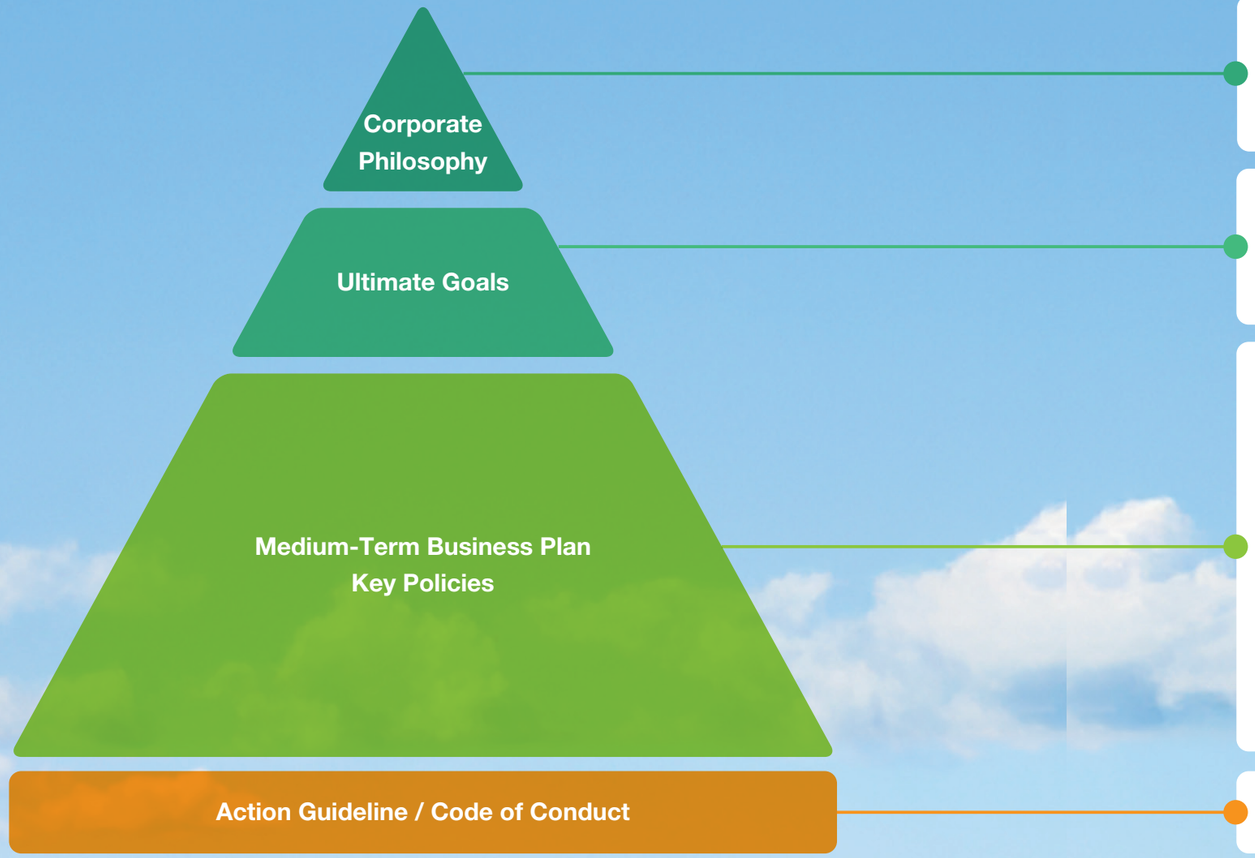
INTEGRATED REPORT 2026



KUMIAI CHEMICAL INDUSTRY CO., LTD.

Kumiai Chemical Group Philosophy Structure / Editing Policy

Our group got its start when the Citrus Industry Association composed of tangerine growers in Shimizu-ku, Shizuoka city began “agricultural chemicals manufacturing by growers for growers.” This spirit lives on today, and we are working on research and development of safe and effective agricultural chemicals and promoting their wider use every day in order to contribute to the development of agriculture and support stable production of safe and secure food worldwide in collaboration with growers. We will continue to deliver new value that only our group, which has long been deeply engaged in life and nature, can create, and thereby strive to achieve a society where everyone can live happily.



Corporate Philosophy

It is our aim to use creative science to contribute to a safe, secure, and prosperous society in harmony with our overriding theme of “Protecting and fostering life and nature.”

Ultimate Goals ➡ P.07

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

Medium-Term Business Plan (FY2024–2026) KUMI STORY 2026

Seven 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

Action Guideline and Code of Conduct for putting the philosophy into practice

On the publication of KUMIAI CHEMICAL GROUP Integrated Report 2026

Kumiai Chemical Group publishes an Integrated Report to engage with all stakeholders through communicating our group’s value creation from both financial and non-financial perspectives.

In the Integrated Report 2026, the fourth year of the report, we have reviewed its structure and content to achieve clearer communication of our vision, stakeholder engagement, and initiatives related to corporate governance. As food shortages associated with population growth and climate change become global issues, we have held many discussions both inside and outside the company to clearly communicate how our group creates new value and contributes to society and the global environment. We hope that the Integrated Report 2026 will help all stakeholders, including shareholders, business partners, and employees, to gain a deeper understanding of our group.

Time of Publication March 2026

Reporting Period FY2025 (November 2024 to October 2025)

Scope Published financial and non-financial information and ESG information on our group

POINT 1 **Message from the President** ➡ P.09

The President looks back on the past year since his appointment and speaks about the challenges for the future and the growth strategy.

POINT 2 **Balancing ESG Initiatives with Economic Value Creation** ➡ P.47

As the need to realize a sustainable society grows, companies are now required to balance the creation of economic value with the creation of social value. In this section, we present an overview of our group’s response.

POINT 3 **Outside Directors Discussion** ➡ P.59

Our three Outside Directors exchange their opinions on the enhancement of corporate value and strengthening of risk management and compliance.

Reference Guidelines

- Ministry of Economy, Trade and Industry “Guidance for Collaborative Value Creation (Guidance)”
- Global Reporting Initiative “GRI Sustainability Reporting Standards”
- Ministry of the Environment “Environmental Reporting Guidelines”
- IFRS Foundation “International Integrated Reporting Framework”

Table of Contents

Integrated Report 2026

Basic Understanding of Kumiai Chemical Group



P.01 Kumiai Chemical Group Philosophy Structure / Editing Policy
P.03 Table of Contents / Structure of Disclosure Information
P.05 Kumiai Chemical Group's History
P.07 Kumiai Chemical Group's Ultimate Goals Toward 2048

Kumiai Chemical Group's Vision and Value Creation System



P.09 Message from the President



P.15 Value Creation Process
P.17 Business Model and Source of Value Creation
P.19 Initiatives and KPIs for Materiality

Value Creation Strategy



P.21 Medium-Term Business Plan
P.25 Financial Strategy
P.29 Human Capital Strategy
P.33 Research and Development Strategy
P.35 Kumiai Chemical Group's Business
P.39 Business Strategy

Foundation Supporting Value Creation



P.45 Production / Procurement
P.47 Balancing ESG Initiatives with Economic Value Creation
P.49 Environment
P.55 Responsible Care / Occupational Health and Safety
P.57 Respect for Human Rights
P.58 Stakeholder Engagement
P.59 Special Feature: Outside Directors Discussion
P.63 Corporate Governance



P.75 Data Highlights
P.77 Financial Data / Non-Financial Data
P.79 Company Information / Stock Information

Structure of Information Disclosure

Kumiai's official website https://www.kumiai-chem.co.jp/english/

Corporate Information

https://www.kumiai-chem.co.jp/english/company/

- What's Kumiai
- Corporate History
- President's Message



Products

https://www.kumiai-chem.co.jp/english/products/

- Agrochemical Products
- Chemical Products



Research and Development

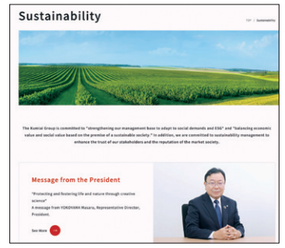
https://www.kumiai-chem.co.jp/english/rd/



Sustainability

https://www.kumiai-chem.co.jp/english/sustainability/

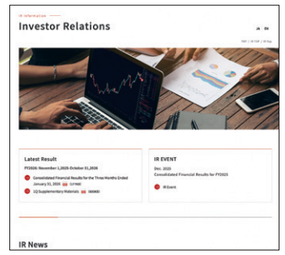
- Sustainability Management
- Environment
- Social
- Governance



Investor Relations

https://ir.kumiai-chem.co.jp/en/index.html

- Management Policy
- Financial Performance



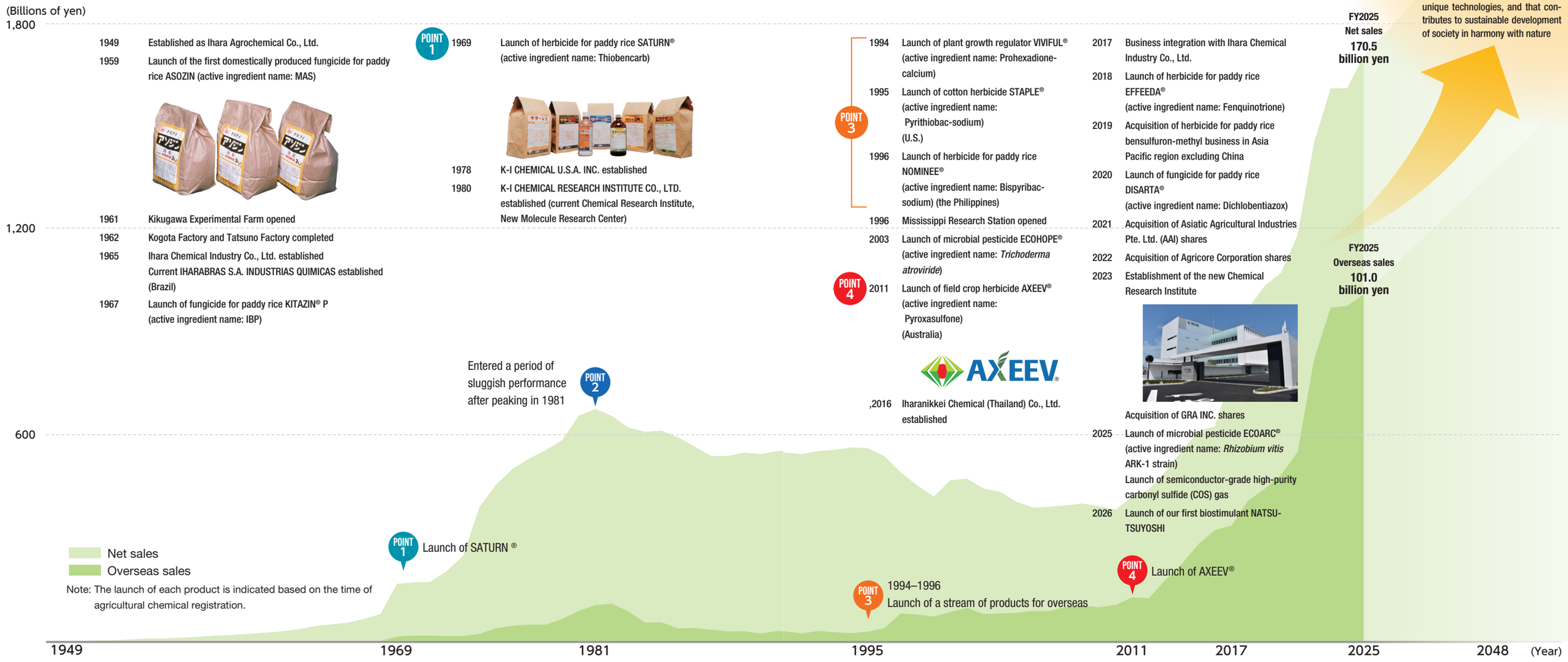
Kumiai Chemical Group's History

In the course of the more than 70 years since its foundation in 1949, KUMIAI CHEMICAL INDUSTRY (Kumiai) has pursued research and development, manufacturing, and sales of agricultural chemicals.
We will continue our day-to-day endeavor to help address the global issues "global food security" and "environmental conservation."

100-Year-Old Company

Ultimate Goals for 2048

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





Kumiai Chemical Group's action

Foundation to Development of Domestic Agricultural Chemicals (1949 to 1968)

After WWII, the low productivity of farming became an issue. Therefore, we began to manufacture and sell agricultural chemicals to help resolve food insecurity. We established ourselves as an agricultural chemical manufacturer in Japan such as by launching the first domestically produced agricultural chemical fungicide ASOZIN in 1959 and KITAZIN® in 1965.

Leaping Forward to Become the Top Manufacturer of Agricultural Chemicals in Japan (1969 to 1989)

During the period of rapid economic growth in Japan, the agricultural workforce rapidly declined due to changes in the industrial structure, which increased the need for labor-saving in agriculture. We developed the herbicide SATURN®, which was used in 50.4% of the paddy fields in Japan in 1974, becoming the first major product to support the growth and foundation of us.
However, owing to the policy of reducing the amount of land devoted to rice cultivation and the sharp appreciation of the yen, our performance remained sluggish after peaking in 1981. POINT 2

Becoming a Global Research and Development Oriented Company (1990 to 2016)

While the agricultural chemicals market in Japan become sluggish, stable food supply became a serious issue as the global population exploded. Our early efforts in research and development of products for the global market bore fruit in the 1990s with significant sales growth in the U.S. and Southeast Asia. In 2011, the field crop herbicide AXEEV® was launched and continues to drive our growth.

Becoming a Cutting-Edge Chemical Manufacturer (2017 to Present)

We integrated business with Ihara Chemical Industry in 2017 in order to create new value. We have strengthened our organization for the agricultural chemicals business that manages everything from chemical discovery, manufacturing and sales together with the fine chemicals business. By utilizing technologies, we will continue to promote the development of products that meet new customer needs, and accelerate new initiatives for realizing a sustainable society.

Kumiai Chemical Group's Ultimate Goals Toward 2048

To ensure our group's sustainable growth into the future, we need management strategies and initiatives that take a long-term view of our group's future vision. Based on forecasts of the market environment over the long term (20 to 30 years from now), our group has set its Ultimate Goals for the future and identified its materiality (material issues) to achieve those goals. In the Medium-Term Business Plan, we selected seven issues that must be addressed from FY2024 to FY2026 from the materiality and set the as key policies, and are implementing measures for each of those policies.

100th Anniversary 2048

Market Forecasts

- World population growth
  Expansion of food demand



- Growth in fields related to information, regenerative medicine, electric vehicles, environment, and energy



- Changes in the global environment
  Global warming, water shortages, etc.



- Expansion of biological pesticides, biostimulants, and GMO crops



- Contraction of Japanese agricultural chemicals market



- Advances in digital technology



Ultimate Goals 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

Materiality (Material Issues) to Realize the Ultimate Goals

Initiatives and KPIs for Materiality ➡ P.19

2024

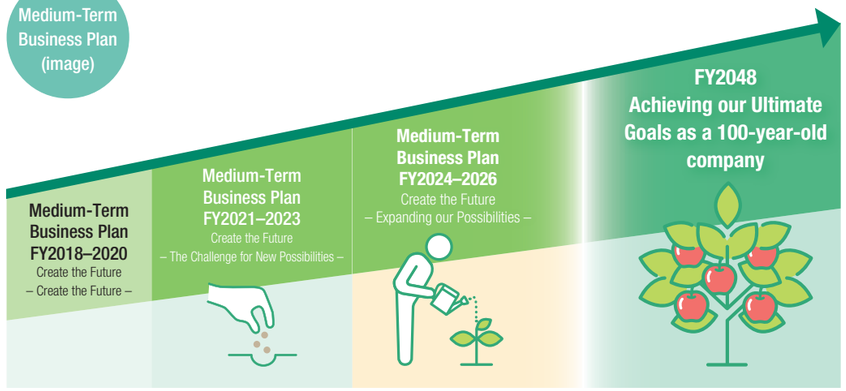
Medium-Term Business Plan (FY2024–2026)

KUMI STORY 2026

Position seven issues that must be addressed from FY2024 to FY2026 as key policies

Medium-Term Business Plan ➡ P.21

Medium-Term Business Plan (image)



We will chart a new growth strategy by maintaining a sense of crisis, not being afraid of change, and delivering results



Representative Director, President 横山 優

Reflecting on My First Year as President

My Own Strong Resolve “Change into a Strong Corporate Structure”

In October 2025, we reached the end of FY2025, my first year as Representative Director, President. Our business results for FY2025 were an increase in net sales and a decrease in profit. I feel keenly that the year was more difficult than we had anticipated when it started.

When I assumed the position of President in November 2024, I outlined my three policies: “Change into a strong corporate structure,” “Enhancement of corporate value through promotion of sustainability management,” and “Pursuit of happiness for all stakeholders.” These are not something that can be achieved in a single year, nor do they come with quantitative targets. Rather than goals, they represent my own resolve that I must uphold as long as I remain President. They could also be described as assignments that I have personally set for myself.

In particular, the second and third of these policies, “Enhancement of corporate value through promotion of sustainability management” and “Pursuit of happiness for all stakeholders,” are top priority challenges for us that I have inherited from my predecessor, Mr. Takagi.

On the other hand, “Change into a strong corporate structure” is a new policy that I added myself in view of the current business environment. This is because, in light of the recent drastic changes in that environment, I felt a strong sense of mission that the time had come when we must work on fundamental improvements of our structure.

Entry of Generic Products into AXEEV® Market

It was clear that the business environment surrounding us was becoming increasingly severe year by year. In particular, the most significant change in the business environment for us has been the entry of generic products into the market for the field crop herbicide, AXEEV®. Since AXEEV® was launched in 2011, the company has experienced substantial growth. On the other hand, it was fully expected that eventually, the entry of generic products into this market would lead to falling prices, deterioration in earnings, and increasingly intense competition.

For this reason, we outlined the following policies as top priorities: establishing a business structure that enhances profitability, addressing management concerns promptly, and creating a corporate structure that remains unaffected by changes in the business environment. Amid the growing severity of the business environment, it was essential that we improve our corporate structure to withstand such an environment. To achieve this, we needed to develop products that followed on from AXEEV® and formulate measures to enhance our profit structure.

On the other hand, as not all employees were directly involved in AXEEV®, there was no shared understanding among our entire workforce of the extent of the impact that AXEEV® had on our business results. In other words, a sense of crisis had not fully permeated the company.

For this reason, on my appointment as President, in addition to the three policies mentioned above, I made three requests to our employees: to maintain a healthy sense of crisis, not to be afraid of change, and to be insistent on results. These three requests were also meant to encourage our employees to change their mindset so they could press ahead with the three policies.

However, as I mentioned at the beginning, although net sales increased in the fiscal year ended October 31, 2025, there was an inevitable fall in profit. We acknowledge that this was due to the impact of the entry of the generic products arriving earlier than anticipated.

Previous Fiscal Year’s Results and Focus Issues

Strong Performance in Domestic Market 15th Consecutive Year Increase in Net Sales

I will now reflect once more on the results for the fiscal year ended October 31, 2025.

Consolidated net sales amounted to 170.5 billion yen, an increase of 9.4 billion yen from the previous fiscal year. This was our 15th consecutive year of increases in net sales.

Sales in the Agricultural Chemicals and Agriculture-Related Business performed strongly, increasing by 3.5 billion yen to 42.4 billion yen in the domestic business alone. The main factors were the strong performances of paddy rice herbicides, including EFFEEDA®, and paddy rice nursery box application products, including the fungicide DISARTA®, as well as increased demand for insecticides due to the growing outbreak of stink bugs.

Net sales in the overseas business amounted to 93.3 billion yen, an increase of 4.0 billion yen. Within that result, net sales of AXEEV® increased by 4.4 billion yen to 75.4 billion yen. Although the Argentina market declined due to the entry of generic products, shipments to the U.S. increased due to progress made in clearing distribution inventories and enhanced sales promotion support. In Australia, legal measures against patent-infringing products were effective, leading to an increase in shipments.

Net sales in the Fine Chemicals Business finished at 25.1 billion yen, a slight increase over the previous year. Although shipments of chloroxylene-based products were down due to the deteriorating business environment, shipments of amines were firm, and shipments of bismaleimides increased year on year due to strong demand for electronic materials for generative AI servers.

Profitability Deteriorated Due to Impact of Generic Products

In terms of profit, operating income fell by 800 million yen to 10.6 billion yen, and net income attributable to owners of parent was 4.4 billion yen, a major decrease of 9.2 billion yen from the previous year.

The decline in operating income was the result of price countermeasures for AXEEV® against generic products in certain markets as mentioned above, and it was offset by the increase in net sales resulting from increases in sales volumes. There was also an impact from exchange rates, with the yen appreciating by around 2 yen on a fiscal-year average exchange rate basis (USD/JPY).

The significant downturn in net income attributable to owners of parent for the fiscal year was due to the recording of impairment losses on non-current assets of 3.7 billion yen as extraordinary losses at our subsidiary, Iharanikkei Chemical (Thailand) Co., Ltd. (INCT). INCT was established in Thailand in 2016 with the aim of securing cost competitiveness through local manufacturing of raw materials and expanding production capacity in the aramid fiber market, which was on a growth trend 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 harsher. This resulted in a significant deviation from our initial business plan. We are currently working to improve management, including manufacturing new products and reducing costs through increased production efficiency.



FY2026 and the Medium-Term Business Plan

In FY2026, We Will Work with a Sense of Crisis, Not Fearing Change

The fiscal year ending October 31, 2026 is the final year of the Medium-Term Management Plan. Our initial targets under the Plan were net sales of 185.0 billion yen, operating income of 16.0 billion yen, and net income of 15.0 billion yen. However, as mentioned, the drastic change in the business environment of AXEEV® has inevitably made it more challenging to achieve the medium-term plan.

We have set plans for this fiscal year of 162.0 billion yen in net sales, 7.2 billion yen in operating income, and 6.4 billion yen in net income attributable to owners of parent. We view these as the minimum level that must be achieved, and our entire organization will continue to work together to resolve the issues so that we can achieve the targets of the Medium-Term Business Plan.

We consider this year as a run-up period for our future growth. We will approach product development and sales measures toward that end with an even stronger sense of crisis and without fear of change.

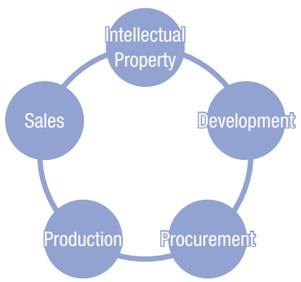
Implement Measured Based on Five Strategies for AXEEV®

With regard to AXEEV®, we will strengthen our sales structure and focus our efforts on capturing markets. The market for pyroxasulfone (the name of the active ingredient of AXEEV®), which is the sum of AXEEV® and generic products, is certain to expand. This is because AXEEV® has become an essential product for eliminating herbicide-resistant weeds at production sites, and the area affected by outbreaks of herbicide-resistant weeds is expanding. In addition, the entry of generic products will lower market prices, making AXEEV® more accessible to more growers. Viewing this as an opportunity, we believe that it is critical to expand profits in this growing market by increasing sales volumes of AXEEV®, the original product.

Growing AXEEV® sales volumes and increasing production of its active ingredient have allowed us to achieve cost reduction, and we are proceeding with the establishment of an innovative active ingredient manufacturing method with the aim of further improving production efficiency. By realizing lower cost production, we will improve the profitability of AXEEV®.

On the sales front, we will carry out promotional activities that fully leverage the advantages of our original products, including the brand power that we have built up to date. We will also work on further expanding sales by setting prices that will allow AXEEV® to compete with generic products, as well as strengthening our sales structure through the addition of new sales partners. Further, we will progressively develop new pre-mixtures and promote value adding in our efforts to distinguish AXEEV® from generic products.

Although the substance patent for AXEEV® had expired in all countries by 2022, our patents for production methods and intermediates are still current. We take a firm stand against products that may infringe on patents that we hold, and since FY2024, we have initiated legal proceedings against multiple companies to seek remedies for infringements of the AXEEV® patents rights. We have already achieved results such as favorable settlements in China and Australia. Recognizing that these measures will effectively function as checks against the market entry of patent-infringing products, we will continue to strengthen the protection and enforcement of our rights in the various countries.



Intellectual property : **Legal Action**
Development : **Development of Pre-mixtures**
Procurement : **Low cost and stable supply**
Production : **Ensuring Quality, Production of formulation technologies, ESG**
Sales : **Price adjustment, Consideration of new business models**

Launch of Microbial Pesticide ECOARK® and Development of Biostimulant

The strengthening of products other than AXEEV® is a challenge of great urgency.

We will actively promote development for the further expansion of sales of EFFEEDA® and DISARTA®. In particular, we began joint development of EFFEEDA® with Valent in the U.S. By fully engaging in overseas development of EFFEEDA®, we aim to develop it into a new core business.

We are also proceeding with the development of microbial pesticides and biostimulants as agricultural materials that have a lower environmental impact and that supplement agricultural chemicals. In the spring of 2026, we launched microbial pesticide ECOARK®. ECOARK® is a microbial pesticide with non-pathogenic *Rhizobium vitis* ARK-1 strain as its active ingredient. Jointly developed by Okayama Prefecture and our subsidiary, K-I CHEMICAL INDUSTRY CO., LTD., it has shown to be highly effective against crown gall, which occurs in grapevines and other fruit crops, and roses for which there have previously been no effective control measures, as well as in roses.



We also launched our first biostimulant NATSU-TSUYOSHI in the spring of 2026.

Aiming to Make the Fine Chemicals Business Our Second Pillar, Eventually Accounting for 30% of Our Business

We will accelerate growth in the Fine Chemicals Business as well. To grow the Fine Chemicals Business into a second pillar alongside our core agricultural chemicals business, we are working on the development of new products. In that development process, focusing on the fact that carbonyl sulfide (COS), one of our intermediates in agricultural chemicals, is used as an etching gas in the production of semiconductor memory (3D NAND*), we began developing high-purity COS gas in 2019. In FY2025, we succeeded in the commercialization of semiconductor-grade high-purity COS gas and began selling it, and we will place it firmly on a growth trajectory in FY2026.

Bismaleimides (BMIs), which have become a mainstay product of the Fine Chemicals Business, are primarily used in laminates, which are electronic materials for semiconductors used in generative AI and other applications. They are manufactured and sold mainly by our subsidiary, K-I CHEMICAL INDUSTRY CO., LTD. Construction of a new plant to further strengthen its production structure has been completed, and full-scale production has begun. We expect BMIs to grow further by capturing the expanding market.

The Fine Chemicals Business currently accounts for around 15% of net sales, but with the expanded sales of high-purity COS gas and BMIs, as well as the launch of newly developed products, we hope to eventually grow this business to close to 30% of net sales.



* A type of flash memory. Large capacity is achieved through the vertical layering of memory cells.

Human Capital Strategy

The Importance of Giving Your All in the Field You are Given

The strengthening of our human capital strategy is one of our most important challenges as a growth engine for us. There is no doubt that our growth to date owes much to the superiority of our products and to the efforts of each and every employee.

One thing that I have believed in throughout my career is the importance of “giving your all in the field you are given.” If you try hard, someone will notice you. It is my belief that anyone who cannot try hard in the field that they have been given will not be able to try hard in any other field.

I have conveyed to young people, in particular, the message that, although they may not have been assigned to the area they hoped for, they should do their best in the field that they have been given, and if they do that, their efforts will be noticed and appreciated.

Introduction of a New Personnel System to Raise Employees’ Motivation

So that each and every employee of Kumiai will engage in their work with higher motivation, we introduced a new personnel system in November 2025. By creating an environment in which individual employees will be encouraged to embrace challenges and given a sense

of achievement through proper evaluation of their efforts and outcomes, we hope to instill in our employees affection for and trust in the company and their teams and to raise their motivation to contribute proactively.

One key point of the new personnel system is the reform of our grade system. By creating multiple tracks for managers' career paths, we have established an environment in which diverse people can thrive. We have established expert positions at the manager level to give specialists opportunities to advance their careers. In doing so, we have created a framework that will support the endeavors of specialist talent, who will drive our core business as an R&D-oriented company.

In addition, we have introduced region-specific employee systems, divided into three categories according to the possibility and range of transfers: Global (G), Bloc (B), and Regional (R). This will bring about highly flexible workstyles.

Further, we have established a personnel treatment system that encourages employees to take on challenges. Under this system, all employees, regardless of their age or length of service, will be given the opportunity to take on challenges, and if they receive a high evaluation, they can be promoted to a higher grade at an early stage.

Determination to Change

In introducing these new systems, we held numerous in-house briefing sessions and training sessions for evaluators, dedicating a significant amount of time and effort to ensuring a smooth transition. Given that we have made fundamental changes to the system, I believe it has had a significant impact within the company.

I believe that maintaining the status quo is equivalent to decline. If we are to grow sustainably into the future, we must continue to change without fear. While it may take several years for the new personnel system to take firm root, I do believe that its introduction is a significant change, in the sense that it will give our employees a healthy sense of crisis.

Sustainability Management

Kumika Refugia Kikugawa for the Implementation of Strategic Nature Restoration

As a manufacturer of agricultural chemicals, engagement in sustainability management is an important business policy. Our group has set a target of reducing GHG emissions by 30% compared with FY2019 levels by FY2030. In FY2024, we achieved a 22.3% reduction in GHG emissions. We are continuing our efforts to achieve this target, including switching to CO_2-free electricity derived from renewable energy and replacing heavy oil with fuels that have low GHG emissions. Our aim is to achieve carbon neutrality by 2048, when we will mark the 100th anniversary of the company's founding.

We are also actively working on biodiversity initiatives. In March 2025, the biotope, Kumika Refugia Kikugawa, was completed on land adjacent to our Life Science Research Institute in Shizuoka Prefecture.

We will introduce flora and fauna that once inhabited the area (native species), such as fireflies and pond turtles, into the biotope in an effort to recreate the original landscape. Here, we will leverage the knowledge that we have cultivated in our many years of business activities to implement strategic nature restoration.



Research and Development of Agricultural Chemicals with Low Environmental Impact

Regarding the reduction of environmental impact, we have pursued the research and development of agricultural chemicals that are more effective, safe and of low environmental impact since the early days of their establishment. For example, whereas in the past, it was impossible to control weeds without spraying several kilograms of active ingredients onto a one-hectare field, today, we have been able to reduce that quantity to several tens of grams. In addition, advances have been made in formulation technologies for the stabilization of the active ingredients of agricultural chemicals and their even application. For example, whereas in Japan in the past, 30 kilograms of paddy rice herbicide grains had to be applied per hectare, today, MAMETSUBU®, which we developed and popularized, has shown the same level of effectiveness with just 2.5 kilograms, 1/12 of the previous application quantity.

I also believe that the development of microbial pesticides and biostimulants, which I mentioned earlier in the context of product development, can also be considered as a sustainability management initiative.



Activities to Raise Awareness about Agricultural Chemicals for Elementary and High School Students

While, in today's Japan, we may take it for granted that we can go to the supermarket and obtain safe, reliable and fresh food whenever we want, this would be impossible without the use of agricultural chemicals. We pursue public relations activities designed to foster understanding of the importance of agriculture and the necessity of agricultural chemicals and to gain support for the company from more people. Specifically, targeting 5th grade in elementary schools, when agricultural studies begin, we distribute a series of brochures on agricultural chemicals used for crops that explain the role of agricultural chemicals in a comic format. We also visit schools to hold classes to communicate the need for agricultural chemicals. In FY2024, we also launched a food education program for high school students. By actively approaching the younger generations who will lead the future, we hope to promote a correct understanding of agricultural chemicals.



To Our Stakeholders

Kumiai's Agricultural Chemicals Business Supporting the World's Food and Agriculture

We operate an agricultural chemicals business that is based on the agricultural industry and believe that agricultural chemicals are an indispensable presence that supports the world's food production. For example, AXEEV®, our mainstay product that we developed, is a product that is able to control herbicide-resistant weeds, and it has become an essential agricultural chemical for crop production sites in the world. Although the emergence of generic products will make AXEEV® less profitable, it will also mean that more growers will be able to access pyroxasulfone (the name of the active ingredient of AXEEV®), the active ingredient that we developed. Our agricultural chemicals are contributing greatly to solutions to the global challenge of improving food productivity. This fact is an immense driving force for the continuation of the company's growth into the future. We believe that continuing to create innovative agricultural chemicals that do not yet exist in the world will be our company's lifeline. The contributions to global agricultural production made by agricultural chemicals developed by us will lead to the continuation of our research for the creation of new agricultural chemicals.

Developing a new compound that will be a new active ingredient for agricultural chemicals is generally believed to require more than 10 years and huge investments of over 30.0 billion yen. Over the years, we have continued to invest in proactive, efficient research and development. In FY2026 as well, we plan to make R&D investments corresponding to development plans for new agricultural chemicals and fine chemicals in the new product pipeline, for the development of new products that will support our business 10 to 20 years from now. By carrying out growth investments, dividend returns, loan repayments, and other management that is conscious of the optimal allocation of resources for the company, we aim to balance returns to our shareholders with the enhancement of corporate value.

As a company that contributes to the realization of a safe, secure, and prosperous society, we will continue to create value that exceeds the expectations of our stakeholders. I hope that you will continue to extend your unwavering understanding and support to our sustainable growth and medium- to long-term enhancement of corporate value.

Corporate Philosophy

It is our aim to use creative science to contribute to a safe, secure, and prosperous society in harmony with our overriding theme of "Protecting and fostering life and nature."

External environment

- Population growth / Increasing demand for food
- Escalating climate change / Loss of biodiversity
- Greater demand for environmental protection
- More serious energy issues
- Digital technology advancement
- Greater interest in safe and secure daily life

Input

Human capital
Number of employees (Consolidated): 2,153

Intellectual capital
R&D expenses: 7.1 billion yen
Number of proprietary active ingredients: 20

Manufactured capital
Capital investment: 7.0 billion yen
Manufacturing bases (Japan): 3 bases (Kumiai) / 9 bases (Group companies)

Social capital
Number of countries where Kumiai products are sold: Over 50
Overseas sales ratio: 59%

Financial capital
Total assets: 248.2 billion yen

Natural capital
Raw materials: 73,306 tons
Energy consumption: 26,310 kl (crude oil equivalent)*
* Key seven Kumiai Chemical Group companies

Business model

We will review management issues and market needs in internal environment in relation to our business activities, enhancement of our business model.

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

➡ P.17

Production / Procurement
Procurement and production capabilities that support stable production and high-quality

Marketing / Sales
Market development capabilities and global sales network

Research and Development
R&D capabilities to enable creation of new value

Materiality = Issues for the achievement of the Ultimate Goals

We identify issues to be addressed to achieve the Ultimate Goals as materiality (material issues), and intend to achieve the Ultimate Goals and contribute to the realization of the desired society through the resolution of those material issues. ➡ P.19

Strategy for achieving sustainable growth

Corporate strategy: Medium-Term Business Plan (FY2024–FY2026)

KUMI STORY 2026 ➡ P.21

- Financial strategy ➡ P.25
- Human capital strategy ➡ P.29
- Business strategy (marketing strategy, merchandizing strategy) ➡ P.39

Foundation for achieving growth

- Mitigation of environmental impact ➡ P.49
- Governance ➡ P.67

Major products ➡ P.36

Agricultural Chemicals and Agriculture-Related Business

Agricultural chemical products for Japan
- One-shot herbicides for paddy rice
- MAMETSUBU®, etc.



Agricultural chemical products for overseas
- AXEEV®
- EFFEEDA®, etc.

AXEEV®

Effeeda®

Fine Chemicals Business

Fine chemicals
- Urethane-related products
- Chlorinated derivatives
- Bismaleimides
- High-purity carbonyl sulfide (COS) gas, etc.



Internal and external impact through business activities (2026) ➡ P.19

External

Social value

- **Contribution to smart agriculture**
- **Strengthening R&D capabilities**

Environmental value

- **Reduction of greenhouse gas emissions**
- **Contribution to Biodiversity**
- **Reduction of industrial waste**

Internal

Human Capital Value

- **Promotion of occupational health and safety**
- **Respect for human rights**
- **Human capital development**
- **Promotion of work-life balance**
- **Promotion of diversity and inclusion**

Economic Value

KPIs
Net sales: 185.0 billion yen
Operating income: 16.0 billion yen
ROE: 11.0% or more
ROS: 8.5% or more
* ROE: Return on equity
ROS: Return on sales

Ultimate Goals

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

➡ P.07



Desired society we want to realize

Corporate Philosophy

➡ P.01



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

Our group is focusing on research and development of safe and effective agricultural chemicals and promoting their wider use in order to contribute to the development of agriculture and support the stable production of safe and secure food worldwide. This is supported by the business model incorporating integrated manufacturing and sales that enables the development of new chemicals, anticipating future market needs, and a stable supply of products. Based on a sure grasp of growers' requirements and their circumstances, we conduct R&D 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

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

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

Strength 1 Vigorous Investment in R&D

As an R&D-oriented company, our group has continued to invest vigorously in R&D since its foundation. The accumulation of such investment has resulted in many products, supporting our group's current growth. Under the Medium-Term Business Plan launched in FY2024, we plan to invest approximately 22.0 billion yen in R&D in three years. We have been stepping up our efforts to further strengthen R&D capabilities.

Strength 2 Excellent Human Capital Creating Value

Our group's R&D is supported by human capital 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, our 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 capital 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.

Strength 3 Intellectual Property Strategy

In our agricultural chemicals business, we must clearly state our substances and production methods in the registration system. To protect our products and peripheral technologies, it is essential that we protect our intellectual property rights through patent applications and registrations and the registration of trademarks. We actively invest in the acquisition of intellectual property rights, and we currently hold many patent rights and trademark rights in Japan and overseas. We are also engaged in the maintenance and management of these intellectual property rights.

Although the substance patent for AXEEV®, our mainstay product, expired in 2022, we are taking measures against patent-infringing products by exercising our intellectual property rights throughout the entire manufacturing process. This includes our patents resulting from new pre-mixture development and patents for production methods and intermediates. In May 2025, our patent dispute with a Chinese company, which was successfully resolved through a settlement in November 2024, was selected by the China National Intellectual Property Administration (CNIPA) as a "2024 Typical Case of Administrative Protection for Intellectual Property Rights." This is an indication of the high regard in which our response has been held.

Strengths in Production / Procurement

From lab to factory

Supplier ratio Japan: **37**% Outside Japan: **63**%

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 our group. By taking advantage of the system, our factories and research institutes study optimal industrial synthesis methods 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. Such a collaboration between R&D and production leads to more efficient development of new agricultural chemicals and early establishment of a production system, enabling a stable supply of high-quality products.

Strength 2 Global Supply Chain

Regarding procurement of raw materials, we have established a global supply chain including 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. We are promoting CSR procurement in accordance with the Kumiai Chemical Group Basic Policy on CSR Procurement and CSR Procurement Guidelines.

Strengths in Marketing / Sales

Number of proprietary agricultural chemical active ingredients: **20**

Japan: **11** bases Outside Japan: **13** bases

Strength 1 Sales of Agricultural Chemical Active Ingredients and Products

Our 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.

Strength 2 Strong Sales System

In Japan, we are engaged in community-based sales and technical service through a sales system with expert sales persons and engineers assigned across Japan. We provide our proprietary agricultural chemical products through the National Federation of Agricultural Cooperative Associations (ZEN-NOH), which has strong relationships with growers.

Outside Japan, we have established a sales system in collaboration with group companies, 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.

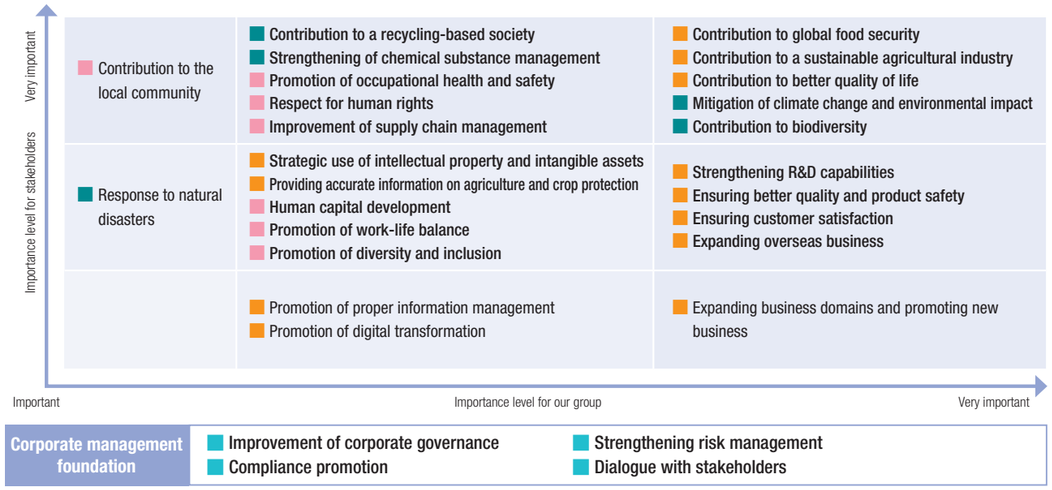
Initiatives and KPIs for Materiality

Materiality Identification Process (2022)

Identification of social issues and social changes	● Referenced sustainability guidelines such as the SDGs, ISO 26000, and FTSE, as well as evaluation criteria used by ESG rating agencies, and compiled a list of over 300 keywords related to social issues and social changes.
↓	
Organization and consolidation of issues	● Sorted the keywords related to social issues and social changes into “Resolving social issues through our core business,” “Environmental,” “Social,” or “Governance,” and extracted 27 proposed materiality items
↓	
Evaluation of importance	● Evaluated the proposed materiality items along two axes: “Importance to our group” and “Importance to stakeholders”
↓	
Discussion of appropriateness	● Discussed the appropriateness of the proposed materiality items in the Management Meeting, Sustainability Promotion Committee, and Executive Meeting ● Exchange of opinions with external experts and with young and mid-level employees ● Amended and added proposed materiality items and created a materiality matrix
↓	
Identification of Materiality	● Identified materiality through deliberation in the Board of Directors
↓	
Regular Review	

Issues to be addressed to achieve the Ultimate Goals

■ Resolving social issues through our core business ■ Environmental ■ Social ■ Governance



Corporate management foundation

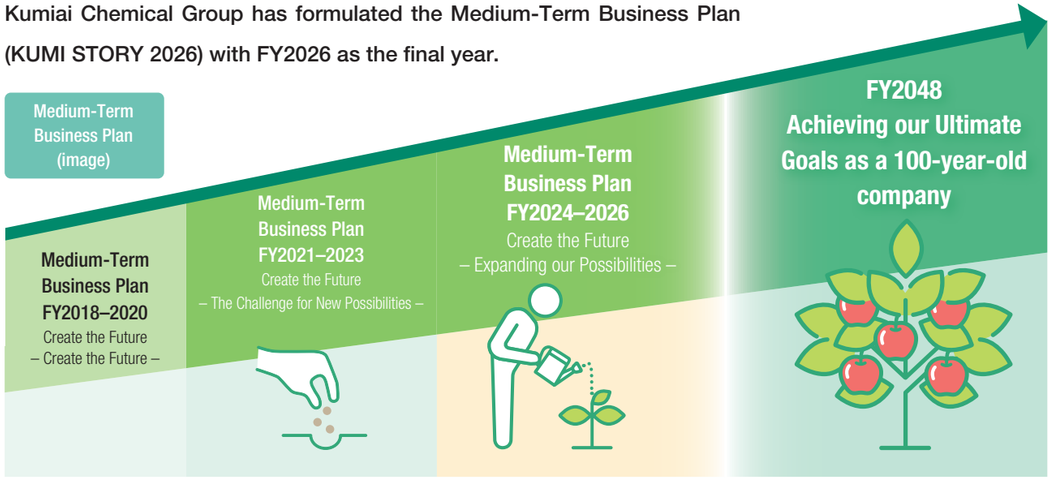
■ Improvement of corporate governance ■ Strengthening risk management
■ Compliance promotion ■ Dialogue with stakeholders

	Materiality	Initiatives	FY2025 results	FY2026 targets	FY2030 targets	Related SDGs	Related pages
Resolving social issues through our core business	**Contribution to a sustainable agricultural industry**	● Contribution to smart agriculture through products that help reduce energy and labor	● Products that contribute to smart agriculture: Greater lineup of MAMETSUBU® products ● Number of new products launched: 5 MAMETSUBU® products (Total from FY2022) ● Agricultural land area where MAMETSUBU® was used: 128,000 ha, 9.5% of land used for paddy rice cultivation in Japan	● Products that contribute to smart agriculture: Greater lineup of MAMETSUBU® products ● Number of new products launched: 5 MAMETSUBU® products (Total from FY2022) ● Agricultural land area where MAMETSUBU® is used: 1% increase in land used for paddy rice cultivation in Japan (Compared to FY2022)	● Products that contribute to smart agriculture: Greater lineup of MAMETSUBU® products ● Number of new products launched: 2 MAMETSUBU® products (Total from FY2027) ● Agricultural land area where MAMETSUBU® is used: 2% increase in land used for paddy rice cultivation in Japan (Compared to FY2022)	2, 8, 9	P.35
	Strengthening R&D capabilities	● Strengthening R&D capabilities	● Number of patent applications: 36	● Number of patent applications: 100	● Number of patent applications: 120		P.33
Environmental	**Mitigation of climate change and environmental impact**	● Reducing greenhouse gas emissions for the whole group	● Greenhouse gas emissions from seven group companies (Scope 1+2): 47,717 t-CO_2 (29% reduction compared to FY2019)	● Greenhouse gas emissions from seven group companies (Scope 1+2): 30% reduction by FY2030 compared to FY2019	● Greenhouse gas emissions from seven group companies (Scope 1+2): 30% reduction by FY2030 compared to FY2019	6, 7, 12, 13, 14, 15	
	Contribution to biodiversity	● Contributing to biodiversity through forest conservation	● Forest maintenance in Fukushima Town, Hokkaido	● Support for forest tree-fostering activities in Fukushima Town, Hokkaido: Once a year	● Forest infrastructure development in Fukushima Town, Hokkaido		P.49
		● Contribution to biodiversity		● Creation and maintenance of biotope	● Creation and maintenance of biotope		
	Contribution to a recycling-based society	● Reduction of industrial waste	● Total amount of industrial waste generated: 4.87 thousand tons ● Amount of landfill waste: 0.13 thousand tons (Landfill rate: 2.6%) ● Amount of waste recycled: 1.28 thousand tons (Recycling rate: 26.3%)	● Waste reduction ● Promotion of zero waste emissions: Landfill disposal rate of 1% or less	● Waste reduction ● Promotion of zero waste emissions: Landfill disposal rate of 1% or less		P.54
Social	Promotion of occupational health and safety	● Preventing occupational accidents	● Number of accidents with lost time: 3	● Number of accidents with lost time: 0	● Number of accidents with lost time: 0	4, 5, 8, 10	P.55
	Respect for human rights	● Greater awareness of human rights	● Basic human rights training: Four times for all employees (100% coverage)	● Implementation status of human rights education and training •Employee coverage rate: 100% •At least once a year for each employee	● Implementation status of human rights education and training •Employee coverage rate: 100% •At least once a year for each employee		P.57
		● Eliminating all forms of harassment	● Harassment training: Once for all employees (100% coverage)	● Implementation status of harassment training •Employee coverage rate: 100% •At least once a year for each employee	● Implementation status of harassment training •Employee coverage rate: 100% •At least once a year for each employee		
	Human capital development	● Implementing education for the continuous growth of all employees	● Training time per employee: 59.6 hours/year	● Training time per employee: 50 hours/year	● Training time per employee: 50 hours/year		
	Promotion of work-life balance	● Creating a comfortable working environment	● Average rate of employees taking annual paid leave: 71.5%	● Average rate of employees taking annual paid leave: 70%	● Average rate of employees taking annual paid leave: 80%		P.29
		● Achieve KENKO Investment for Health	● Certified KENKO Investment for Health Outstanding Organization: Certified	● Certified KENKO Investment for Health Outstanding Organization: Maintain certification	● Certified KENKO Investment for Health Outstanding Organization: Maintain certification		
	Promotion of diversity and inclusion	● Promotion of active participation of women	● Percentage of female managers:2.2%	● Percentage of female managers: 4.9%	● Percentage of female managers: 8.2%		
		● Promotion of support for next generation development	● Percentage of male employees who take childcare leave: 92.9%	● Rate of male employees who take childcare leave: 100%	● Rate of male employees who take childcare leave: 100%		

* Specific initiatives, results, and targets are for KUMIAI CHEMICAL unless otherwise stated.

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-TSUYOSHI 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 CO_2-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-TSUYOSHI
- **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.

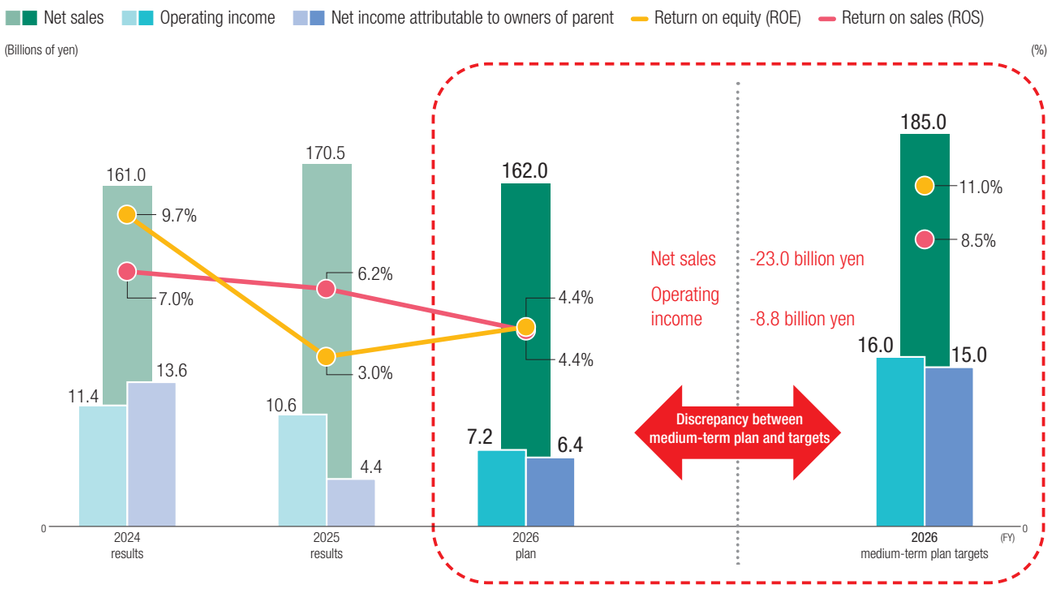
Review of FY2025

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.

Financial Strategy



YAMAJI Yoshihiro

Director, Managing Executive Officer,
Head of Corporate Planning &
Coordination Division

Striving to transform into a resilient corporate structure by flexibly allocating funds in response to changes in the environment and ensuring financial soundness.

In FY2025, net sales in all business segments increased year on year to record highs, and this was our 15th consecutive year of increases in net sales. On the other hand, operating income decreased year on year due to a decline in profitability resulting from the entry of generic products of our core herbicide AXEEV®. In addition, net income attributable to owners of parent decreased significantly year on year, mainly because a consolidated subsidiary in Thailand recorded impairment losses on non-current assets of 3.7 billion yen as extraordinary losses due to intensifying competition with rival manufacturers in China and India for chlorotoluene and chloroxylene chemicals in the Fine Chemicals Business.

As we come to the end of the second year of the Medium-Term Business Plan, we must admit that the hurdles to achieving the numerical targets of the plan have become extremely high due to major changes in the business environment. However, based on the capital allocation set forth in the Medium-Term Business Plan, our policy is to vigorously promote transformation into a resilient corporate structure by flexibly allocating funds in response to changes in the environment and ensuring financial soundness through strategic improvements to our cash conversion cycle (CCC).

In FY2025, our price/book ratio (PBR) stayed below 1, and we recognize this as a significant issue. To improve our PBR, we will increase profitability and, as we believe it is important for investors to gain a better understanding of our business and growth strategies, promote proactive information disclosure.

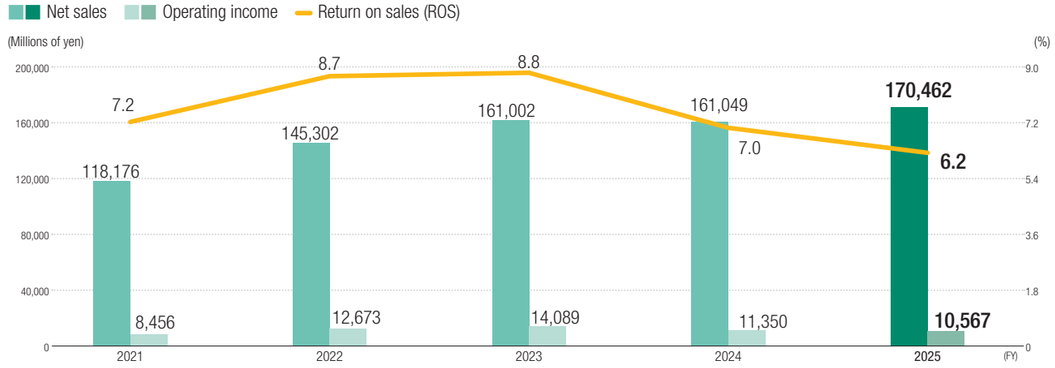
Review of Second Year of Medium-Term Business Plan (FY2025)

In our results for FY2025, the second year of the Medium-Term Business Plan, regarding the Agricultural Chemicals and Agriculture-Related Business, sales of the herbicide EFFEEDA® and fungicide DISARTA® continued to be favorable. AXEEV®, which lies at the core of overseas sales, saw a decrease in shipments to Argentina, but shipments to the U.S. increased due to the progress in clearing distribution inventory and strengthened sales promotion support. Shipments to Australia increased due to successful legal action against products that infringe our patents. Although shipment volumes of AXEEV® increased, profitability declined due to increased pressure for price reductions caused by the entry of generic products and lower prices of competing products. As a result, in the Agricultural Chemicals and Agriculture-Related Business, net sales increased year on year while operating income decreased year on year. On the other hand, in the Fine Chemicals Business, net sales and operating income both increased year on year 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 other businesses, both net sales and operating income increased. However, in terms of overall consolidated results, net sales increased year on year to 170.5 billion yen while operating income decreased year on year to 10.6 billion yen, due to the impact of a fall in profits in the Agricultural Chemicals and Agriculture-Related Business.

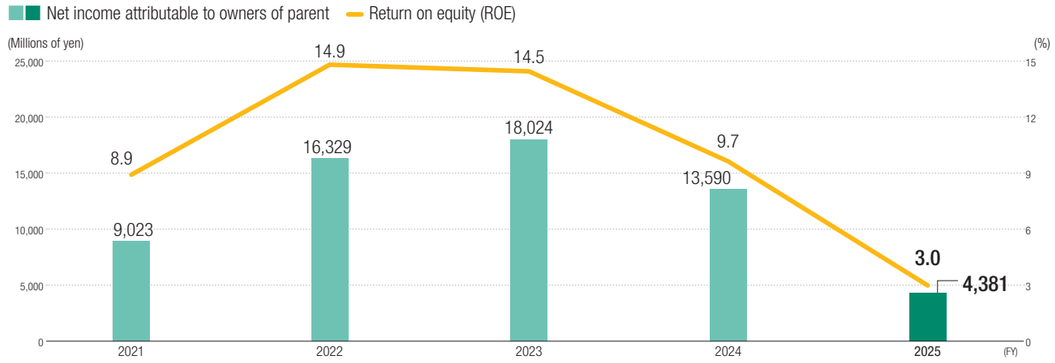
The targets for the final year of the Medium-Term Business Plan are net sales of 185.0 billion yen, operating income of 16.0 billion yen, net income attributable to owners of parent of 15.0 billion yen, return on equity (ROE) of 11.0% or more, and return on sales (ROS) of 8.5% or more. In FY2025, our consolidated results were net sales of 170.5 billion yen, operating income of 10.6 billion yen, net income attributable to owners of parent of 4.4 billion yen, ROE of 3.0%, and ROS of 6.2%. One of the reasons for the significant decline in ROE from the previous fiscal year (9.7%) was the recording of extraordinary losses of approximately 3.7 billion yen due to the impairment losses on non-current assets at Iharanikkei Chemical (Thailand) Co., Ltd., a consolidated subsidiary in Thailand engaged in the Fine Chemicals Business.

In the results forecast for FY2026, we are currently forecasting year-on-year decreases in net sales and operating income, and must admit that the hurdles to achieving the targets of the Medium-Term Business Plan have become extremely high. The main reason for this deviation from the targets is that the business environment surrounding AXEEV®, our mainstay product, has worsened beyond the assumptions and expectations envisaged when the plan was first formulated.

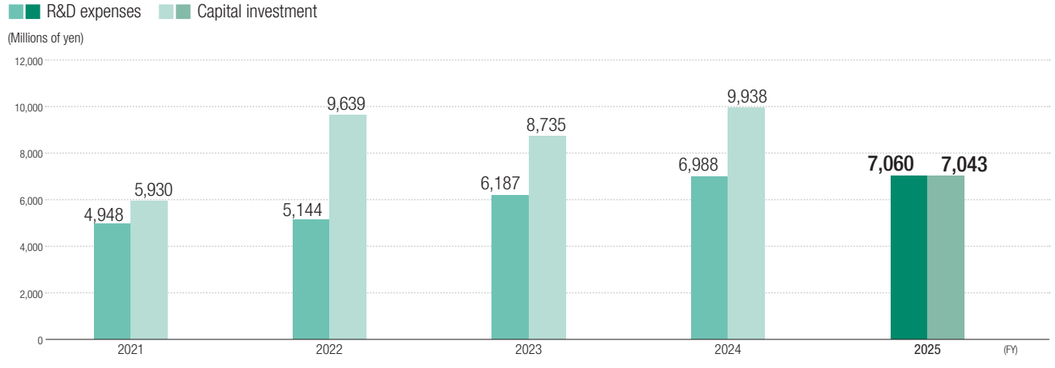
Net Sales / Operating Income / Return on Sales (ROS)



Net Income Attributable to Owners of Parent / ROE



R&D Expenses / Capital Investment



Progress in Capital Allocation

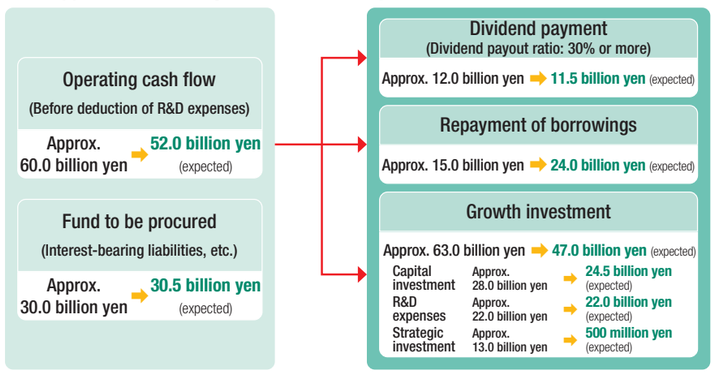
Capital allocation, which indicates the breakdown of the use of financial resources, has been set and announced in the Medium-Term Business Plan. The source of funds, approx. 90.0 billion yen over the three-year period from FY2024 to FY2026, will consist of approx. 60.0 billion yen in operating cash flow and approx. 30.0 billion yen in borrowings from financial institutions. Of these funds, we will allocate approx. 12.0 billion yen to dividend payments, approx. 15.0 billion yen to repayments of borrowings, and approx. 63.0 billion yen to growth investments. The growth investments are for realizing the future growth of our group, and were planned to be composed of approx. 28.0 billion yen for capital investments, approx. 22.0 billion yen for R&D expenses, and approx. 13.0 billion yen for

strategic investments, such as M&A. Now that the second year of the Medium-Term Business Plan has ended, our outlook for the three-year period is that, due to changes in the environment of the AXEEV® business, operating cash flow will be 52.0 billion yen, which is lower than initially planned, and funds to be procured will increase slightly to 30.5 billion yen. As for the allocation of funds, dividend payments are expected to be 11.5 billion yen in order to achieve the initial dividend payout ratio of 30% or more, and repayments of borrowings are expected to be 24.0 billion yen, which is an increase from the initial plan, in order to strengthen financial soundness. Growth investments are expected to decrease from the initial plan. In terms of capital investments, we have revised part of our initial plan, carefully selecting investments that should be implemented during the period of this Medium-Term Business Plan. We expect capital investments of 24.5 billion yen. In FY2025, we actively invested in facilities for the reduction of production costs and the enhancement of production capacity. These included a liquid formulation manufacturing plant at the Kogota Factory and a bismaleimide manufacturing multi-plant at K-I CHEMICAL INDUSTRY CO., LTD.

As a company with research and development at its core, we have positioned R&D expenses as a top priority and will allocate 22.0 billion yen to it as originally planned. In the Agricultural Chemicals Business, which is our core business, developing a new compound that will be a new active ingredient for agricultural chemicals generally requires a significant period of time, more than 10 years, and huge investments of over 30.0 billion yen. We promoted effective and efficient R&D investment corresponding to development plans for new agricultural chemicals and fine chemicals in the new product pipeline, for the development of new products that will support our business 10 to 20 years from now. In FY2025, we launched REGARD, a fungicide for paddy rice, and in the spring of FY2026, we launched microbial pesticide ECOARK® and biostimulant NATSUTSUYOSHI. In addition, we are currently pursuing the development of EFFEEDA® as a herbicide for paddy rice in the U.S. We will actively invest in the roll-out of this product into other regions and the expansion of its applicable crops, with the intention of growing it into a product that, following AXEEV®, will support our future profits.

In terms of strategic investments, we considered investments that would contribute to the growth of our business, such as M&A, but at present, there are few investment projects that have been completed, and we expect the amount to be 500 million yen. Our policy is to continue to actively promote M&A that contributes to the growth of our business. While flexibly allocating funds in response to changes in the environment and ensuring financial soundness, we will make selective investments to ensure continued growth.

Capital Allocation Assumptions under the Medium-Term Business Plan



Initiatives for the Realization of Management that Takes Capital Costs and the Share Price into Account

In FY2025, our PBR stayed below 1, and we recognize this as a significant issue. We believe that the main reasons for this are that our price-to-earnings ratio (PER) was at a low level of 10 times or lower until FY2024, and that ROE has been on a downward trend due to the declining profitability of our mainstay herbicide, AXEEV®. We believe that it is important to improve profitability by reducing product costs and fixed costs, and to further increase investors' understanding of our business strategy and growth strategy. We are therefore promoting measures to make improvements.

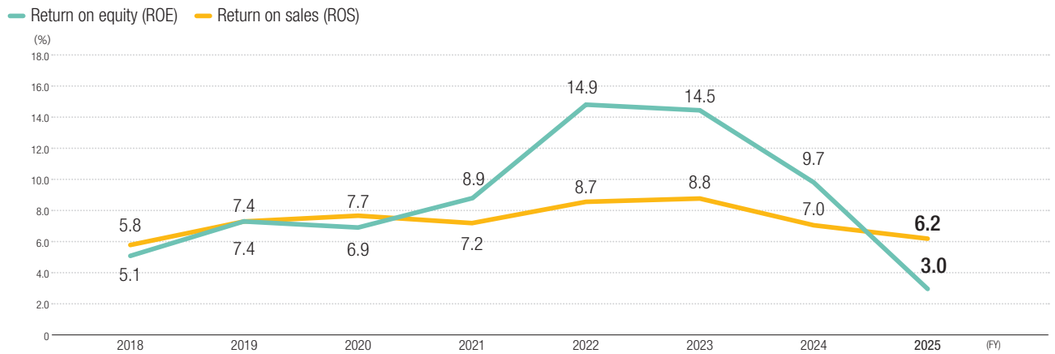
In FY2025, the equity ratio was 58.2% (up 5.2% year on year) and the D/E ratio was 0.36 (down 0.16 year on year). In FY2024, inventories and interest-bearing liabilities temporarily increased due to the impact of global inventory adjustments of agricultural chemicals, but as a result of strategic improvements to our CCC, we made progress in optimizing inventories and interest-bearing liabilities levels.

In the Medium-Term Business Plan, in addition to net sales, operating income, and net income attributable to owners of parent, we have set numerical targets for ROE and ROS as management indicators, and we have also disclosed our capital allocations, as well as setting targets for investments for growth and dividend payout ratio. To enhance profitability, we will strive to improve profitability after first gaining an accurate understanding of our own cost of shareholders' equity and weighted average cost of capital (WACC). In addition, we are promoting various initiatives to realize efficient and flexible capital allocation for future growth and optimize the balance between maintaining financial soundness and shareholder returns.

We also believe that it is important to raise investors' expectations for the future of us by clearly showing them our future growth scenario and potential, and we will continue to disclose management information in a timely and appropriate manner and engage in active dialogue with investors.

By implementing these measures, we aim to transform into a resilient corporate structure.

ROE and ROS

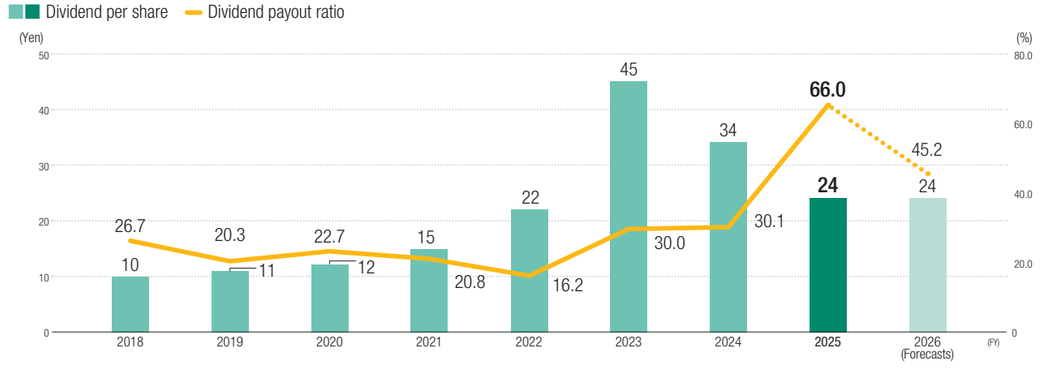


Approach to Dialogue with Investors and Shareholder Returns

In order to actively promote dialogue with investors, we hold financial results briefings after the disclosure of semi-annual and year-end financial results, where top management uses their own words to communicate the current situation and strategies to institutional investors. In addition, after the disclosure of financial results for the first and third quarters of the fiscal year, small meetings are held with the Executive Officer in charge of IR in attendance, and the department in charge of IR actively engages in dialogue with institutional investors (individual meetings) and accepts IR interviews (94 times in FY2025). Moreover, we conduct shareholder surveys, and the opinions and concerns of shareholders and investors gathered through these dialogues are compiled by the department in charge of IR, reported to management, and appropriately addressed, such as by utilizing the information in subsequent IR activities.

In the Medium-Term Business Plan, we have set a target dividend payout ratio of 30% or more, taking into consideration the opinions of shareholders and investors obtained through IR activities. We have set a basic policy 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. Regarding future shareholder returns, we are not currently considering the adoption of a progressive dividend, but we will continue to flexibly consider various options to determine the best policy that is consistent with our business model.

Dividends and Dividend Payout Ratio



Human Capital Strategy



KATAGIRI Sadamitsu

Managing Executive Officer,
Deputy Head of Corporate Planning & Coordination Division

We will steadily implement our vision for the human capital strategy and the associated action plan to maximize the value of our human capital, which is essential for sustainable growth.

In order to establish the ideal type of human capital necessary for the sustainable growth of our group and secure such human capital, we have formulated and implemented an action plan for each issue of recruitment, training, deployment and career development, personnel system, evaluation, remuneration, diversity and inclusion (D&I), and work-life balance (WLB). As of FY2026, we are revamping our personnel system (grades, evaluation, and remuneration), which has not been revised for a long time. We aim to improve employee engagement by creating an environment that encourages every employee to take on challenges and properly evaluate their efforts and results. At the same time, by diversifying career paths and introducing a region-limited employee program, we are working to support flexible career planning that takes into consideration diverse work styles and individual living circumstances. D&I has been positioned as a materiality alongside WLB. Toward realizing a company where everyone can work comfortably and play an active role, we are promoting initiatives such as “penetration of the importance of D&I and securing psychological safety,” “enhancement and promotion of diverse working styles,” and “support for women’s career development.”

The vision for the human capital strategy is based on the slogan of the Medium-Term Business Plan, “KUMI STORY 2026,” which is “Dreams and Happiness Triangle.” By sincerely addressing each issue and overcoming them one by one, we aim to become a company where all employees strive to achieve their dreams, grow through their work, and feel a sense of accomplishment and job satisfaction.

Related Materiality and KPIs

	● Human capital development	● Promotion of work-life balance		● Promotion of diversity and inclusion	
FY2026 targets	Training time per employee: 50 hours/year	Average rate of employees taking annual paid leave: 70 %		Percentage of female managers: 4.9 %	Rate of male employees who take childcare leave: 100 %
FY2025 results	Training time per employee: 59.5 hours	Average rate of employees taking annual paid leave: 71.5 %		Percentage of female managers: 2.2 %	Rate of male employees who take childcare leave: 92.9 %

Desirable Human Capital

One of the key policies of the Medium-Term Business Plan is “human capital development / human capital strategy based on the idea of human capital,” which is the foundation of our business strategy. In promoting our business going forward, we will focus in particular on strengthening the following human capital.

- Human capital to further strengthen R&D capabilities in core businesses
- Specialized human capital to strengthen the company-wide governance system
- Global human capital responsible for overseas business development
- Human capital capable of leading the creation of business systems
- Human capital who is familiar with production and procurement and promote improvements to support the stable supply of products and services

We have also clarified an image of the expected human capital for realizing the mindset and diversity that is a common requirement company-wide.

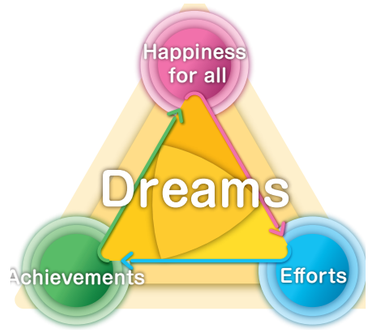
- Human capital capable of taking on challenges in new areas and creating innovations and new businesses
- Generalist human capital with leadership skills and managerial instincts
- Human capital who promote career diversification and break through organizational homogeneity through diverse human capital, such as women, foreigners, and senior human capital

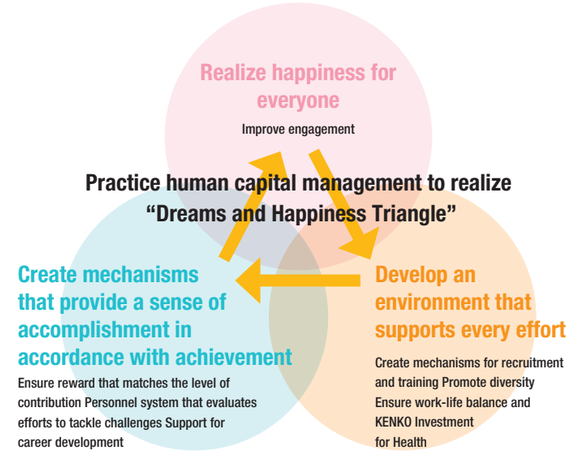
Vision for the Human Capital Strategy

Our group has adopted the slogan “Dreams and Happiness Triangle” for its Medium-Term Business Plan. We create a stream that allows each individual to achieve “happiness” by having dreams, working to achieve them, and experiencing satisfaction and accomplishment in accordance with achievement. The vision for the human capital strategy to achieve this consists of the following two pillars. Through these efforts, we aim to realize happiness for each and every employee and deepen engagement.

- Develop an environment that supports every effort
  - Establish mechanisms for the recruitment and training of human capital that have dreams and work hard to achieve them
  - Vigorously promote diversity so that diverse human capital can demonstrate their strengths
- Mechanisms that provide a sense of accomplishment in accordance with achievement
  - Establish an evaluation and treatment system that enhances the link between contribution and reward
  - Support continuous growth through evaluation designs that reward efforts to tackle challenges and the visualization of career paths

“Dreams and Happiness Triangle”





Vision for the human capital strategy	Category	Action plan
Realize happiness for everyone	—	● Implement the action plan to improve employee engagement
Develop an environment that supports every effort	Recruitment	● Specify requirements for priority human capital and develop recruitment and staffing plans for each department/division ● Upgrade recruitment activities for systematic and efficient selection of core human capital from both new graduates and experienced professionals
	Training	● Improve the company-wide education and training system, and enhance development programs for each position (managers, manager candidates, etc.) ● Modify OJT planning formats to help advance the OJT system
	D&I	● Prepare D&I implementation plans by clarifying the policy and vision, and put them into practice ● Build an internal system for the promotion of women’s active participation in the workplace, formulate measures for achieving targets, and put them into practice
	WLB	● Identify issues around work-life balance (WLB), formulate measures to resolve essential issues and implement them ● Develop a KENKO Investment for Health promotion system and obtain accreditation under the Certified KENKO Investment for Health Outstanding Organizations recognition program
Create mechanisms that provide a sense of accomplishment in accordance with achievement	Personnel system	● Design the personnel system on the basis of rewards matching the role and performance results, eliminating the seniority idea, and encouraging active participation of diverse human capital ● Enhance the specialist system, realize diverse work styles, and revise the current personnel organization incorporating region-specific employee systems and corresponding to life events
	Evaluation	● Introduce systems encouraging proactive challenges and developing the professional ability to fulfill the necessary responsibilities ● Review the evaluation system to improve fairness and persuasiveness, and implement feedback interviews with every employee
	Remuneration	● Revise the system to one that is more clear-cut with remuneration based on job responsibilities and actual contribution ● Set wages in line with job characteristics and revise allowances to increase job satisfaction
	Deployment and career development	● Visualize career paths and clarify career vision through development of career maps ● Enhance career development support, including introduction of career training and an internal recruitment system

Major Initiatives Conducted in FY2025

Human Capital Development

1. Establishment and Implementation of New Personnel System

Toward the introduction of a new personnel system from FY2026 onward, in FY2025, we conducted a final review of the system design, centering on the elimination of the seniority system. We aimed to create a well-balanced remuneration system that thoroughly matches rewards with employees' roles and performance, and provides a sense of accomplishment in accordance with achievement.

In addition, to prevent the system from becoming a mere formality and ensure that it is adopted and understood by all employees, the following communication measures were implemented.

- Briefings on the system for all employees: Held twice at each office nationwide. Shared the background and objectives of the system.
- Training for those to be evaluated: Held a total of 25 times. Deepened the understanding of those to be evaluated and fostered a sense of understanding.



A scene from a training session

- Training for managers (evaluators): Held twice in total. In addition to understanding the new system, participants acquired evaluation skills and the mindset needed as a supervisor.

2. Deepening of Diversity and Inclusion (D&I) and Mutual Understanding

With the aim of becoming an organization where diverse human capital continues to create value, we conducted the following training.

- D&I training: Held in a workshop format for all employees. Centering on the theme of "Creating Value from Diversity," perspectives that can be put to practical use were shared.
- Follow-up training for mid-career recruits: Held at the Head Office and each office. By providing opportunities for interaction with regional offices, we supported the creation of networks among employees with diverse backgrounds and the creation of business synergies.

3. Initiatives for the Next Fiscal Year

From FY2026 onward, we will focus on implementing position-specific training in line with the new grade system and developing next-generation leaders. We will continue to restructure the company-wide training system to create an environment in which each and every employee can demonstrate his or her abilities to the maximum extent possible.

Work-Life Balance (WLB)

With the aim of helping employees comfortably balance their work and private lives and improve their physical and mental health and satisfaction, we have undertaken the following initiatives for "creating a comfortable working environment" and "realizing health promotion."

- Encouraging employees to take annual paid leave (hereinafter "paid leave")
  We have set up days for all employees to take paid leave at the same time (two days per year), and we aim for employees who are granted 10 or more days of paid leave per year to take three days or more of paid leave within six months of being granted the leave. We disclosed our average paid leave utilization rate on the company intranet as appropriate to encourage employees to take paid leave in a planned manner.
- Reducing overtime hours
  We introduced a new attendance system that allows employees to view their overtime work status on their own attendance screen. Supervisors can also view the overtime work status of their subordinates, and this makes it possible for them to appropriately manage overtime work.
- Increasing the percentage of employees who take childcare-related leave and childcare leave
  By updating our maternity and childcare leave procedure manual to make it easier to understand the legal and company-specific systems and necessary procedures, it has become possible for eligible employees to take childcare-related leave and childcare leave in a planned manner. In addition, we expanded the period during which male employees can take special leave when their wives give birth, allowing them to take three days of leave within a two-week period before or after the expected date of birth.

Diversity and Inclusion (D&I)

Aiming to become a company where everyone can work comfortably and play an active role, we further promoted D&I measures based on issues identified through the efforts of the D&I Working Group in FY2024. Specifically, we conducted diversity training for all officers and employees, provided basic knowledge about diverse people, such as those involved in childcare and nursing care, older workers, LGBTQ, people with disabilities, and foreigners, and implemented e-learning courses for employees to learn about the necessity of harassment prevention, awareness, and support. We also conducted menstruation training and interviewed users of work-life balance support systems, such as postpartum paternity leave, to promote these systems.

Four volunteer employees from the Head Office independently organized a "D&I Snack Party" during their lunch break, creating new opportunities for interaction across departments, positions, and generations. As a result, D&I is being fostered as a familiar part of corporate culture.

In addition, a survey conducted for non-managerial employees on their motivation and attitudes toward promotion to managerial positions revealed that, particularly among female employees, concerns about the balance between workload and childcare were obstacles. Based on the survey results, we held a career roundtable for women with the aim of eliminating psychological barriers and anxieties women may face in their careers, and supporting their autonomous career development.

In FY2026 and beyond, we will focus on "strengthening support for work-life balance," "presenting role models," and "providing management experience and support from supervisors" to promote the creation of a workplace where diverse human capital can continuously play active roles.

Outlook and Initiatives for the Future

As a professional group with a wealth of knowledge of agricultural chemicals, we have contributed to the advancement of agriculture for many years. We understand that, going forward, the creation of new value is essential for us to solve global social issues related to agriculture, such as food insecurity due to global population growth and climate change. To this end, while protecting our advanced technological capabilities and depth of knowledge, for the creation of new value, it is essential that we have diverse human capital who possess a wide range of knowledge, experience, and perspectives.

Our D&I policy aims to create a company where diverse human capital wants to work and where everyone can work comfortably and play an active role. To that end, it is necessary to create an environment in which all officers and employees have equal opportunities in all aspects, and in which they can work in the way they want and play an active role. Moreover, we believe that it is important for us to be a leading company in the agricultural industry and to have an influential presence within it.

Voice **Comments from a participant in the menstruation training**

I was reminded that even among women, people's impressions of menstruation and their thoughts on how to deal with it vary, and that even now, with information becoming widely available, it still differs from person to person. I thought that in these modern times, understanding of menstruation was becoming more widespread, but I was surprised to learn that more than 50% of women still feel uncomfortable talking about it. As a manager, I was also able to reaffirm how we operate its wellness leave system. I have heard that even though wellness leave is available, many people do not take it because it is difficult to use. I hope that we can create a workplace that takes into consideration the mentalities of these people.



WATANABE Akira

Corporate Planning Section, Overseas Planning Department

Voice **Comments from a participant in the D&I training**



HORITA Junko

Regulatory Affairs Section, Development Promotion Department

I attended the D&I training in 2025, and I strongly felt that our company's initiatives were beginning to take shape. In 2024, I participated in the D&I Working Group, which consisted of 28 members, and was involved in clarifying our vision, formulating a roadmap, and considering measures to address issues. In promoting D&I, commitment from top management and continuous communication of information both inside and outside the company are particularly important. Last year's training was a good opportunity to reaffirm and strengthen this policy, and I felt that the entire organization was making progress step by step.

In 2025, as a D&I supporter, we held the "D&I Snack Party" during lunch break, which is a social gathering aimed at exchanging opinions and promoting understanding across departments and positions. Going forward, the challenge will be to continue to provide these steady opportunities for interaction, while at the same time creating mechanisms that promote the dissemination of clear messages from management, the visualization of results, and the establishment of measures. I believe that we need to steadily work in coordination with the personnel system to create an environment in which employees with diverse backgrounds can play active roles and achieve gender equality in all aspects.

Research and Development Strategy



YANO Hiroyuki

Managing Executive Officer,
Head of Research & Development Division

R&D is the source of our group's growth. We will strengthen our R&D capabilities and accelerate the creation of innovation through proactive investment and human capital development.

Our group has developed through the provision of products such as agricultural chemicals and chemical products that contribute to solving social issues and improving people's lives. R&D is the driving force behind this, and there is demand for the creation of further innovation.

In the Agricultural Chemicals and Agriculture-Related Business, proprietary agricultural chemicals such as AXEEV®, EFFEEDA® and DISARTA® are currently driving business. We have already filed an application for agricultural chemical registration of the new miticide, Flupentiofenox (VANENTA®), and R&D of subsequent chemical pesticide pipelines is progressing steadily. In recent years, the number of patent applications filed by us has remained at a high level, and we expect this number to stay at a high level of nearly 100 applications per year as the development of our pipelines continues to progress and expand. In addition, the microbial pesticide ECOARK® was registered as an agricultural chemical in March 2025 and will be launched in FY2026. We will continue to develop solutions to solve the global issue of stable food production.

In the Fine Chemicals Business, which is being developed as our second pillar, we are working on the development of new semiconductor materials that utilize technologies owned by our group. We will also actively introduce technologies from outside to promote product development.

In order to strengthen our R&D capabilities, which form the foundation of our business, we are investing in hardware, such as updating facilities at our research institutes. In addition, we are using AI and other new technologies to speed up the creation of new agricultural chemicals, while also proactively developing human capital to support R&D.

As an R&D department that supports our group's growth, we will accelerate the creation of innovation.

Related Materiality and KPIs

- **Strengthening R&D capabilities**
  Number of patent applications: 100 (FY2026 target)
- **R&D expenses** (billions of yen)

FY2021	FY2022	FY2023	FY2024	FY2025
4.9	5.1	6.2	7.0	7.1

- **Number of patent applications**

FY2021	FY2022	FY2023	FY2024	FY2025
80	93	101	83	36

Our Strengths in R&D

We are an R&D-oriented enterprise whose mainstay business is agricultural chemicals. Our strength lies in our R&D system that covers the whole process of agricultural chemicals development, which requires a wide range of expertise. The development of new agricultural chemicals requires a wide range of technological capabilities, including chemical discovery and synthesis, biological evaluation, safety assessment, environmental impact assessment, formulation development, and process development. We generate innovation through strong collaboration between the Chemical Research Institute and Life Science Research Institute, based on the free thinking of researchers who voluntarily and proactively tackle research issues. Our current success is due to the high level of integration of four elements: talented human capital with extensive knowledge in a wide range of fields, global market forecasts rooted in agricultural production sites, accumulated development know-how, and proactive R&D investment.

R&D must always look 10 to 20 years into the future. We will maximize the effective use of management resources and continue to create new value by implementing long-term strategies based on meticulous information gathering.

Current Status and Future Measures

In the Agricultural Chemicals and Agriculture-Related Business, we will prioritize the early commercialization of new agricultural chemicals, and aim to maximize sales volume of our active ingredients, EFFEEDA® and DISARTA®, by expanding overseas.

Regarding the development of new chemicals, the miticide, Flupentiofenox (VANENTA®), is in the process of registration as an agricultural chemical, and we are developing a new insecticide for paddy rice. In addition, we have pipelines for multiple herbicides, fungicides, and insecticides in the practical evaluation stage, and we will make maximum use of internal and external resources to rapidly advance development. We have also begun development of the herbicide EFFEEDA® in the U.S., aiming to develop it into a mainstay product alongside AXEEV®. Development of the fungicide DISARTA® is underway with a view to expanding its application in fields other than paddy rice both domestically and internationally. In addition, our first biostimulant NATSU-TSUYOSHI, which alleviates high-temperature damage to crops, is scheduled to begin sales in 2026. In addition to agricultural chemicals, we will proactively engage in research and development of various technologies that support agricultural production.

In the Fine Chemicals Business, we are promoting efforts to develop semiconductor substrates that use in-house technologies and high-performance materials used in various sensors. In addition to introducing technologies from external research institutes, we are building a collaborative system with group companies to further accelerate research and development.

As an initiative to strengthen R&D capabilities, we are currently constructing a new research building for the Life Science Research Institute, following the completion of the Chemical Research Institute in 2023. At the same time, we are developing efficient development methods, such as target-based screening methods that utilize IT and AI. We also focus on developing the human capital that drives research and development, and provide a wide range of challenging opportunities to support the creativity and growth of researchers.

Status of Development of New Active Ingredients and Technologies

	Field	Before launch		After launch
		Evaluation stage	Development stage	Region/crop expansion
Insecticides				
Flupentiofenox (VANENTA®)	Miticide		●	
Insecticide A	Insecticide for paddy rice		●	
Insecticide B	Insecticide for paddy rice and horticulture	●		
Fungicides				
DISARTA®	Fungicide for paddy rice			●
Fungicide A	Fungicide for fruit trees and vegetables	●		
Fungicide B	Fungicide for field crops	●		
Herbicides				
EFFEEDA®	Herbicide for wheat and paddy rice			●
Herbicide A	Herbicide for field crops	●		
Herbicide B		●		
Microbial pesticides and biostimulants				
ECOARK®	Microbial pesticide for the control of crown gall			●
Microbial pesticide A	Microbial pesticide for fruit trees and vegetables	●		
NATSU-TSUYOSHI	Biostimulant			●
Microorganism A	Biostimulant	●		

TOPICS **Example of Value Creation in Research and Development**

ECOARK® (active ingredient: non-pathogenic *Rhizobium vitis* ARK-1 strain) is a microbial pesticide jointly developed with Okayama Prefecture and K-I CHEMICAL INDUSTRY CO., LTD., and is an effective control agent against crown gall, which occurs in various crops. This disease forms galls on the roots and stems of plants, causing stunted growth and death, and it is difficult to control. It has been having a serious impact on wine production both in Japan and overseas, especially on grapes used for winemaking. ECOARK® has been put to practical use as the only control agent capable of controlling this crown gall disease in grapes. As it is a soil-borne bacterial disease, evaluating the effectiveness of control measures is extremely difficult. However, through repeated refinement of the testing system and treatment methods, we have established a usage method that balances practicality with high control effectiveness. Furthermore, with regard to storage stability, which is an issue with microbial pesticides, we have achieved formulations that can be stored for long periods of time through freeze-drying. As the only option for a disease that is difficult to control with chemical pesticides, and as a new product in our microbial pesticide brand ECO Series, which conforms with the "Strategy for Sustainable Food Systems, MIDORI," this product will contribute to resolving issues at agricultural sites.



MYOJO Nobutoshi

Plant Disease Management Laboratory, Agrochemical Research Center, Life Science Research Institute

KUMIAI CHEMICAL INDUSTRY (Kumiai)'s business began when the Citrus Industry Association manufactured agricultural chemicals in what is now Shimizu-ku, Shizuoka City, and it was established in 1949. Since then, we have been 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. The know-how we have acquired through the agricultural chemicals business over the course of more than 70 years is shared across the other fields, and we are now running operations primarily in the two segments, Agricultural Chemicals and Agriculture-Related Business, which supports food worldwide, and Fine Chemicals Business, which contributes to better quality of life in diverse settings.

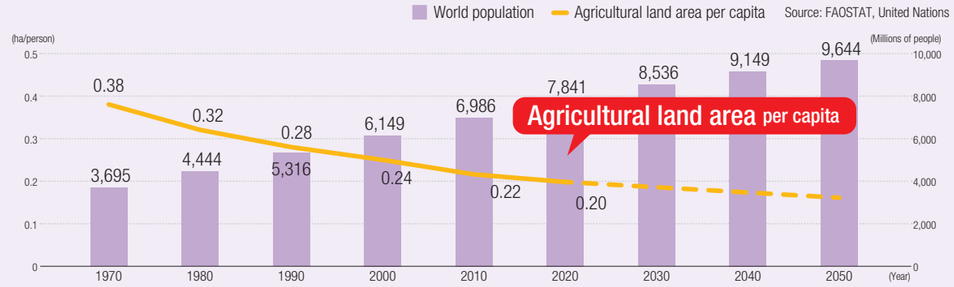
The Necessity of Agricultural Chemicals

Our corporate website, "Easy to Understand! Stories about Agricultural Chemicals," provides easy-to-understand explanations about agricultural chemicals.
https://www.kumiai-chem.co.jp/lp/ (in Japanese)

The world's population will continue to increase going forward, and it is expected to reach approximately 10.0 billion in 2050. On the other hand, the expansion of agricultural land entails many environmental issues such as deforestation and constraints on water resources, and there are limits to the scope of expansion. In addition, in developed countries including Japan, agricultural workers are decreasing in number and aging, resulting in increasingly severe restrictions on labor and working hours.

Under these circumstances, it becomes a more important issue, stable and efficient crop production in limited agricultural land, manpower, and time from now on.

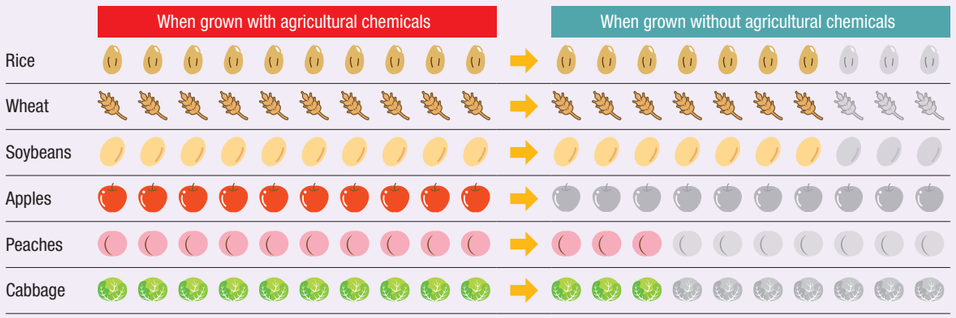
World Population and Agricultural Land Area per Capita



Agricultural chemicals play a role in maintaining and improving yields and quality by protecting crops from factors that inhibit production, such as pests, diseases, and weeds. Properly used agricultural chemicals reduce the risk of crop growth being hindered and contribute to stable yields and improved quality (Data from the Japan Plant Protection Association shows that when agricultural chemicals are not used, yields decrease by approximately 24% for rice and 97% for apples). In addition, the use of agricultural chemicals is directly linked to labor-saving in agricultural work, and we support the establishment of a sustainable production system by carrying out work with fewer people and combining it with mechanization and labor-saving technologies.

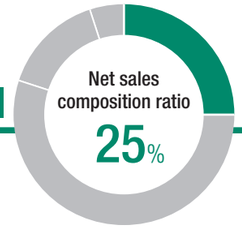
The use of agricultural chemicals based on "appropriate type selection," "compliance with dosage and timing of use," and "safety management" is an important means of realizing food safety and a stable supply while minimizing environmental impacts.

Difference in Yields Depending on Whether or not Agricultural Chemicals are Used



Agricultural Chemicals and Agriculture-Related Business

Japan



Our product portfolio includes hundreds of various herbicides, fungicides, and insecticides to meet the different needs in the market, which vary according to the region. We also have expert sales persons and engineers assigned across Japan for community-based sales and activities to promote wider use. They propose agricultural chemicals according to the region, and provide after-sales service.

We sell products that we develop and manufacture to the National Federation of Agricultural Cooperative Associations (ZEN-NOH), and these products are provided to growers by Japan Agricultural Cooperatives (JA) throughout Japan. We also sell our proprietary active ingredients and products to other manufacturers of agricultural chemicals to maximize sales and profits.

In addition to our products for cropland, our group also develops and sells products for non-cropland such as golf courses, highways, and railroad tracks.

Kumiai
↓
National Federation of Agricultural Cooperative Associations (ZEN-NOH)
↓
Japan Agricultural Cooperatives (JA)
↓
Growers

Net sales for the fiscal year ended October 2025
42.4 billion yen

Japanese market share for one-shot herbicides for paddy rice
No.1
*Calculated by us based on materials of Japan Association for Advancement of Phyto-Regulators

Usage area of labor-saving formulation MAMETSUBU®
128,000 ha in Japan

Characteristics of Business

1. **Sales channel and sales season** — End products that include formulations of active ingredients and enhanced added value are provided to growers through ZEN-NOH (ZEN-NOH-affiliated channel). Our mainstay products are shipped coinciding with the season for cropping paddy fields in Japan. Accordingly, most of our sales (approx. 80% of the annual plan) are completed around April.
2. **Sales to other agricultural chemicals manufacturers** — Our proprietary active ingredients and products are also sold to other manufacturers of agricultural chemicals to maximize sales and profits.
3. **Sales system** — We have expert sales persons and engineers assigned across Japan to propose agricultural chemicals according to the region and provide after-sales service.

Main Products and Services

Top Japanese Market Share One-Shot Herbicides for Paddy Rice



Weed control is essential in paddy rice cultivation to ensure stable yields. Over the years, we have developed a number of herbicides that effectively control weeds and have minimal impact on crops, the environment, and organisms. In the field of one-shot herbicides, which have long-lasting efficacy and are highly favored by growers, we sell several highly effective pre-mixtures that contain our proprietary active ingredients and have held the top share of the Japanese market for five consecutive years.

Labor-Saving Formulation MAMETSUBU®



MAMETSUBU® is a labor-saving formulation for paddy rice that we developed. Whereas common granules are 0.8 to 1.2 mm in size, MAMETSUBU® granules are 3 to 8 mm and float on the surface of water, diffusing the active ingredients throughout the paddy field. MAMETSUBU® can be applied without any need for people to enter the paddy field. MAMETSUBU®, which is compatible with various application methods, enables labor-saving and simplified weed control and is indispensable for sustainable agriculture.

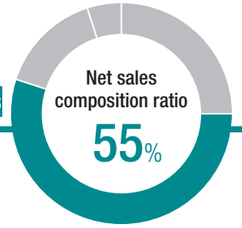
Products to Control Difficult-to-Control Weeds SOLISTE



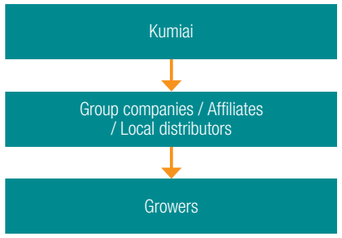
SOLISTE is highly effective against annual bluegrass, which is the most formidable weed at golf courses. This product helps to keep golf course turf in good condition and contributes to improved player satisfaction.

Agricultural Chemicals and Agriculture-Related Business

Overseas



We sell our proprietary products in more than 50 countries around the world. We sell to growers in collaboration with group companies, affiliates, and distributors that have strong sales networks in each market. Active ingredients that our group sells are commercialized by distributors, and are then sold to local retailers and growers. In addition to single formulation, we also develop and sell pre-mixtures that combine other ingredients, such as active ingredients owned by distributors. We also sell products that are based on our unique technologies through distributors to increase added value by differentiating our products from those of our competitors. Regarding sales promotion, employees of our group visit local markets in order to conduct surveys, identify customer needs, and propose effective usage suited to the region, leading to development of new markets.



Net sales for the fiscal year ended October 2025
93.3 billion yen

AXEEV® growth rate
(CAGR)
21%
(FY2013–2025)

Global business development / Number of countries where our products are sold
Over 50 countries

Characteristics of Business

1. **Sales channels** — Our products are sold to growers in collaboration with group companies, affiliates, and distributors that have strong sales networks in each market. Active ingredients that our group sells are commercialized by distributors, and are then sold to local retailers and growers.
2. **Development of pre-mixtures** — We also develop and sell pre-mixtures that combine our active ingredients with other ingredients, such as active ingredients owned by distributors.
3. **Overseas sales ratio** — FY2025 results: 69% (Agricultural Chemicals and Agriculture-Related Business), a high ratio of overseas sales to the total was maintained due to continued sales of AXEEV®.

Main Products and Services

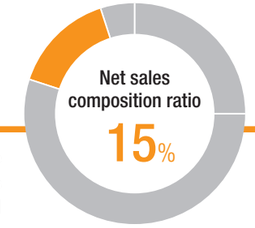
Supporting Agriculture Worldwide AXEEV®

AXEEV® is a field crop herbicide that can be used on major crops worldwide. In recent years, the emergence and spread of herbicide-resistant weeds have become a major issue worldwide. Because AXEEV® is highly effective against these weed species, it is widely accepted around the world as a product to control such herbicide-resistant weeds. It was launched in 2011 and is established as an "essential product" at overseas agricultural sites.

To New Markets EFFEEDA®

EFFEEDA® is a herbicide sold mainly for paddy rice in Japan and South Korea. Given its herbicidal efficacy and safety for crops, we have started joint development with Valent in the U.S. By expanding the number of countries in which it is used, we aim to maximize the sales of EFFEEDA®.

Fine Chemicals Business



Our group is applying its advanced organic synthesis technology cultivated in the agricultural chemicals business to develop a wide range of businesses in various fields that support the foundations of our daily lives. We are contributing toward achieving a recycling-based society through the development and supply of fine chemical products used in infrastructure and advanced technologies for a safe and prosperous life.

Net sales for the fiscal year ended October 2025
25.1 billion yen

Four Subsegments

1. **Chlorination business** — Chlorotoluene and chloroxylene derivatives used as intermediates for agricultural chemicals and pharmaceuticals, and raw materials for resins
2. **Advanced chemicals business** — Bismaleimides (BMIs) used as raw materials for high-heat resistant resins, urethane-related products, contracted manufacturing, etc.
3. **Specialty chemicals business** — Raw materials for disinfectants for medical devices, environmental sanitation agents used for wet tissues and hot spring disinfection, stripping and coating agents used in the manufacturing process of toilet paper, etc.
4. **Expanded polystyrene business** — Packaging materials for agricultural and marine products and electrical appliances, parts for home appliances, building materials, measures against land subsidence, etc.

Accelerating Growth in the Semiconductor Field

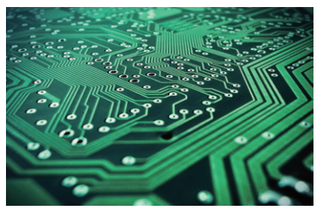
Digital technologies typified by high-speed communications and AI are rapidly evolving, and our living environment is being transformed drastically, such as possible commercialization of self-driving cars. The scale of the global semiconductor market, which is the bedrock of our digital society, is expected to reach 772.2 billion dollars, up 22.5% year on year, in 2025. With the global market scale being also expected to mark double-digit growth in 2026, a new growth phase is about to begin. To capture this growing demand, we will continue developing our business in growth fields such as the electronic materials field.

Main Products and Services

Topic 1 Carbonyl Sulfide (COS) Gas

COS, an agricultural chemical intermediate, is used as an etching gas in the production of semiconductor memory (3D NAND*), and we have therefore been developing COS gas for semiconductors. In 2025, we succeeded in commercializing a semiconductor-grade high-purity COS gas and began full-scale sales.

*A type of flash memory. High capacity is achieved by stacking memory cells vertically.



Topic 2 Bismaleimides (BMIs)

Demand for BMIs, which are used to add heat resistance and toughness to resins used in electronic materials and composite materials, is expanding for products such as laminates used in generative AI servers. In May 2025, a multi-plant capable of producing BMIs was completed at our group company, K-I CHEMICAL INDUSTRY CO., LTD. We will strengthen our production system and capture growing demand.



Agricultural Chemicals and Agriculture-Related Business (Japan)

We have held the top Japanese market share in the one-shot paddy rice herbicide field for five consecutive years. We will contribute to a stable food supply through further business expansion centered on our proprietary products EFFEEDA® and DISARTA® in the paddy rice field.

Our group has been working to realize safe and secure agriculture through the provision of agricultural chemicals that are indispensable for the stable production of crops (food) and the securing of crop yields, based on integrated systems covering every phase from research and development through to manufacturing and sales.

Japanese agriculture is facing various unprecedented issues, such as an aging agricultural workforce, a shortage of successors, rising temperatures caused by recent climate change, and the need to reduce environmental impacts. As such, a change to sustainable agriculture is being called for. Our group will address these issues at agricultural sites and contribute to the realization of sustainable agriculture, a stable supply of food, and improved productivity for growers through the development and dissemination of new products and technologies that contribute to solutions.



IWATA Kouichi

Director, Managing Executive Officer,
Head of Domestic Sales Division

Opportunities ● Increase in the number of large-scale growers and agricultural corporations ● Mitigation of environmental impact in accordance with the Strategy for Sustainable Food Systems, MIDORI ● Technological innovations encouraged by the Act on Promoting the Utilization of Smart Agricultural Technology ● Decrease in crop quality and yields due to high-temperatures ● Increased motivation for crop protection due to soaring rice prices	**Strengths** ● In-house development and manufacturing of active ingredients and products ● One-of-a-kind products (MAMETSUBU® products) ● Strong, community-based sales network
Threats ● Reduction in the area of cropland ● Termination of sales of agricultural chemicals whose registration is difficult to maintain ● Increase in raw materials costs and logistics costs	**Weaknesses** ● Decrease in sales of products for horticulture

Themes in the Current Medium-Term Business Plan

- Expansion of sales of products that contain proprietary active ingredients in the paddy rice field
- Restructuring of the horticultural field
- Expansion of products that take into consideration the reduction of environmental impacts

Business Environment

Japanese agriculture is facing various issues, including large scale natural disasters, high-temperature damage to crops, aging of farmers, an increase of abandoned cropland, and rising prices of agricultural materials. In recent years, in particular, the decline in quality and yields of crops due to high summer temperatures has become a serious issue, and the Ministry of Agriculture, Forestry and Fisheries (MAFF) has launched various measures to address this.

On the other hand, the strengthening of food security and a change to sustainable agriculture are being called for, and the MAFF formulated the Strategy for Sustainable Food Systems, MIDORI in 2021 to build sustainable food systems.

Under the revised Agricultural Chemicals Regulation Act, a system for reevaluating registered agricultural chemicals was introduced to further improve the safety of agricultural chemicals. Agricultural chemicals have been gradually reevaluated since 2021.

In this environment, the Japanese agricultural chemical market increased to 385.4 billion yen from the previous fiscal year (a survey by CropLife JAPAN in FY2025) due to increased demand for pest control against a backdrop of rising rice prices in FY2025, as well as higher agricultural chemical prices reflecting cost increases.

Business Strategy

Initiatives and Future Targets for the Period Covered by the Medium-Term Business Plan

Under the Medium-Term Business Plan, we have been further strengthening our efforts in the paddy rice field, our business foundation in Japan, rebuilding the business in the horticultural field, and transforming the profit structure by focusing on our proprietary active ingredients, based on the medium- to long-term marketing strategy.

● Expansion of Sales of Products That Contain Proprietary Active Ingredients in the Paddy Rice Field

In the paddy rice field, the core of our domestic agricultural chemicals business, we will work to further increase our market share, focusing on our proprietary active ingredients such as EFFEEDA®, a herbicide for paddy rice, and DISARTA®, a fungicide for paddy rice.

[One-Shot Herbicides]

In terms of in-house sales, we will maintain the top share of the market, which we have held for five consecutive years since 2021, and expand the usage area, primarily with formulations containing EFFEEDA®, from 330,000 hectares in FY2025 to 360,000 hectares in FY2026, thereby maintaining the top market share. EFFEEDA® is also used as an important active ingredient in other companies' products, and the usage area, including sales by other companies, was 530,000 hectares in FY2025. This means that EFFEEDA® is used in approximately 37% of paddy rice cultivation area (excluding crops grown for green harvest in 2024).

[Paddy Rice Nursery Box Application Products]

In terms of in-house sales, we aim to increase our market share by expanding the usage area from 240,000 hectares in FY2025 to 260,000 hectares in FY2026. In 2026, in order to further increase our market share, we began sales of BOON®KRONOS, which contains DISARTA®, as well as sales of BOON® REGARD PADEET and EXTHROTTLE, which contain REGARD and DISARTA®, both of which exhibit excellent control effects against rice sheath blight.

[MAMETSUBU®]

We are working to improve the efficiency of applying our proprietary self-diffusing formulation, MAMETSUBU®, in large-scale rice paddies using drones and radio-controlled boats. In order to contribute to labor-saving and smart agriculture for growers, we have provided a lineup of 20 products up until 2025, and we will add one more product in 2026. In 2025, the usage area of MAMETSUBU® was 130,000 hectares, and we will continue to work to improve the productivity of growers. In March 2025, MAMETSUBU® was listed in the "Strategy for Sustainable Food Systems, MIDORI" technology catalog as a technology that is currently available for widespread use.

● Restructuring of the Horticultural Field

A system for reevaluating registered agricultural chemicals was introduced to further improve the safety of agricultural chemicals. Agricultural chemicals have been gradually reevaluated since 2021, and in the horticultural field, sales of agricultural chemicals for which registration is difficult to maintain are expected to be discontinued going forward.

Under the circumstances, we plan to concentrate on products that contain our proprietary active ingredients and achieve sales of 103% of the FY2025 level in FY2028. Specifically, we plan to sell FANTASISTA®, a horticultural fungicide, and KITAXEEV®, a wheat herbicide containing AXEEV®, and in 2027, we plan to sell two new field crop herbicides that contain AXEEV®.

As for Flupentiofenox (VANENTA®), a new miticide which is under development, we will focus on promotion and sales activities as soon as possible after obtaining registration. VANENTA® is drawing attention as a new miticide effective for spider mites that are less susceptible to conventional agricultural chemicals used in Japan. We are preparing to launch it.

● Expansion of products that take into consideration the reduction of environmental impacts

We are committed to developing and promoting new products and technologies that contribute to the Strategy for Sustainable Food Systems, MIDORI set forth by the MAFF with the aim of supporting stable food production and realizing sustainable agriculture. In 2026, we will launch a total of three products: one microbial pesticide, one fungicide derived from plant extracts, and one biostimulant. We will also enter the biostimulant field by leveraging our technological and sales capabilities cultivated in the agricultural chemical field.

[Microbial Pesticide ECOARK®]



ECOARK® is highly effective against crown gall, which is a problem for grapevines, other fruit crops, and roses. As there are currently no effective chemical control measures against this disease, ECOARK® is expected to be the only available control agent. The product is sold in Japan by Kumiai and its group company, RIKENGREEN CO., LTD.

[PROBLAD®, a Fungicide Derived from Plant Extracts]



The active ingredient, germinated sweet lupin extract protein (BLAD), has a novel mode of action and is effective against powdery mildew on vegetables and gray mold on tomatoes. As it is derived from edible crops, it is designated as a substance that clearly poses no risk to human health, and there are no restrictions on the number of uses or the number of days before harvest.

[Biostimulant NATSU-TSUYOSHI®]



In 2026, we will launch NATSU-TSUYOSHI, which contains the root extract derived from the dye plant, *Lithospermum erythrorhizon*, as the active ingredient. Activation of the expression of heat shock protein (HSP) genes in the plant is expected to improve damage caused by high-temperatures on various crops, which has become a problem due to global warming in recent years.

Agricultural Chemicals and Agriculture-Related Business (Overseas)



IMAI Katsuki

Representative Director,
Senior Managing Executive Officer,
Head of Overseas Sales Division

We will overcome the harsh market environment, maintain and expand sales of AXEEV® and proprietary products, and contribute to stable global crop production.

The environment surrounding the agricultural chemical business is undergoing major changes, including an increase in food demand due to global population growth and abnormal weather, a trend toward agricultural production with a low environmental impact, and reduced use of agricultural chemicals. Our products, especially our core product AXEEV®, have contributed to stable crop production and the stable supply of food around the world for 15 years. However, market prices for agricultural chemicals in general have continued to fall due to oversupply triggered by the COVID-19 special demand. In addition, the market entry of generic products has expanded, and AXEEV® sales have been strongly affected in some markets.

We will build a solid business foundation by promoting the development of high-value-added pre-mixtures with local partners, strengthening cost competitiveness, and enforcing intellectual property rights for products that infringe our patents, and in doing so maintain and expand sales of AXEEV®.

Opportunities	● Increasing demand for food as the world population grows ● Emergence and spread of resistant weeds and pests against conventional agricultural chemicals ● Increasing demand for products with low environmental impacts
Strengths	● In-house development and manufacturing of active ingredients and products ● System of strong cooperation with local partners
Threats	● Emergence of inexpensive competing compounds and generic products ● Increase in raw materials cost ● Stricter agricultural chemical regulations in each country and rising development costs ● Emergence and spread of resistant weeds and pests against our agricultural chemical products
Weaknesses	● Dependence on local partners and lack of own distribution network ● An imbalance in the product portfolio ● Great dependence on AXEEV® in sales

Themes in the Current Medium-Term Business Plan

Maximization of AXEEV® business
FY2026 sales plan: 84.2 billion yen
(Numerical target for the company as a whole)

Expansion of sales of EFFEEDA®
FY2026 sales plan: 10.1 billion yen
(Numerical target for the company as a whole)

Expansion of sales of DISARTA®
FY2026 sales plan: 4.4 billion yen
(Numerical target for the company as a whole)

Business Environment

The scale of the global agricultural chemicals market continues to grow over the medium to long term, centered on South America and Asia, on the back of a growing world population and increasing demand for grain. According to AgbioInvestor, the market is projected to reach 77.9 billion dollars in 2029.

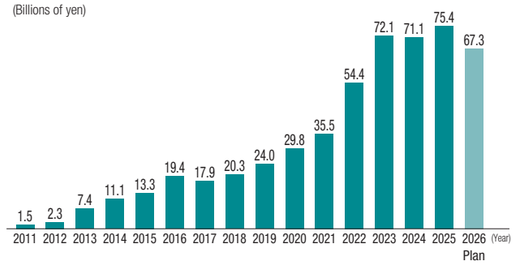
Meanwhile, the agricultural chemicals market has been fluctuating greatly over the past few years. In 2023, agricultural chemical prices fell due to oversupply of agricultural chemicals in reaction to panic buying during the COVID-19 pandemic in the previous year. In 2024, efforts were made to reduce inventories in order to optimize distribution inventories, which had ballooned, and this resulted in a decrease in the amount of agricultural chemicals sold. Although progress was made in inventory optimization in 2025, the scale of the agricultural chemical market remained at the same level as the previous year due to a continued decline in agricultural chemical prices and a decline in growers' purchasing power caused by falling grain prices. In 2026, in addition to continued downward pressure on agricultural chemical prices, generic products of our mainstay product, AXEEV®, are expected to enter the U.S. market, which is our largest market, and this is expected to have an impact on sales of our products.

Business Strategy

● AXEEV®

AXEEV® is a field crop herbicide launched in 2011 and is applicable to crops such as soybeans, corn, wheat, and sugarcane. AXEEV® is positioned as a product essential for the control of weeds resistant to conventional herbicides at agricultural sites. The product has continued to drive our group's performance. In 2025, we were strongly affected by the intensification of downward pressure on prices caused by an overall decline in prices in the agricultural chemical market in recent years, falling grain prices, and reduced purchasing power for growers, as well as the entry of generic products into the market in Argentina, which is a major market. On the other hand, in the U.S. and Brazil, sales expanded through the leveraging of partnerships with local partners to appropriately position our products as premium products, the maintenance of market prices, and the provision of support for sales promotion activities necessary for such positioning and maintenance. Moreover, in Australia, legal action against illegal products that infringe our patent rights was successful, and sales, which had temporarily decreased, began to increase again. As a result of these positive factors, net sales of AXEEV® in FY2025 reached a record high of 75.4 billion yen.

AXEEV® Sales Trends



In FY2026, the final year of the Medium-Term Business Plan, competition with generic products is expected to intensify in Argentina and Australia, and generic products are expected to enter the U.S. market. Due to the need to adjust prices, it is expected that it will be difficult to achieve the sales target of 84.2 billion yen for the final year of the Medium-Term Business Plan. Although the market environment is harsh, potential markets are expected to expand further as resistant weeds continue to develop and spread. As such, we will promote the development of new pre-mixtures, expand the range of crops to which AXEEV® can be applied, further reduce costs, appropriately adjust prices, and support sales promotion activities primarily in major markets, such as the U.S., Brazil, and Argentina, in a continuous effort to expand and maintain sales. In addition, AXEEV® is currently registered as an agricultural chemical in 25 countries (as of March 2026), and development is underway in more than 10 countries in a continuous effort to expand into new markets.

We are also taking legal responses to protect our intellectual property rights based on the policy to take decisive action on generic product manufacturers in the event of any infringement of our patent rights. In Australia, we have filed five suits against a generic product sales company, in which two cases were settled in our favor, and one was settled without disclosing the terms. In China, we have filed a suit against a manufacturer of intermediates, with a petition for administrative decision, in which the case has reached a settlement in our favor. In addition, we have filed seven suits against a generic product manufacturer, which are pending in court.

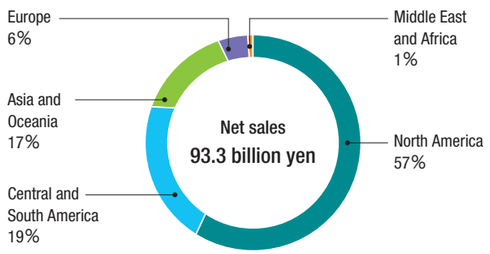
● EFFEEDA®

EFFEEDA® has been registered in two countries. In South Korea, it began sales as a herbicide for paddy rice in 2020, and 21 products (pre-mixtures) have been launched by six local partners. Sales are growing due to its high effectiveness against herbicide-resistant weeds and hard-to-control broadleaf weeds, as well as its extremely high safety for rice plants. In 2026, we plan to launch a new pre-mixture, and we will expand sales toward achieving the Medium-Term Business Plan. In addition to the U.S., we are also evaluating and developing EFFEEDA® as a herbicide for paddy rice or field crops primarily in Asia and Central and South America, working to continuously expand sales of EFFEEDA® worldwide.

● DISARTA®

DISARTA®, which is being sold in Japan as a fungicide for paddy rice, was launched in South Korea in 2023. Currently, four products are being sold by three partners as products (pre-mixtures) for nursery boxes of paddy rice. We will continue to promote sales in cooperation with local distributors and develop new pre-mixtures to maximize sales. We are evaluating DISARTA® in other fields except the paddy rice field and considering development in countries around the world.

Sales by Region in the Agricultural Chemicals and Agriculture-Related Business (FY2025)




Agricultural chemical application overseas

Fine Chemicals Business



URUSHIBATA Ikumi

Managing Executive Officer,
Head of Chemical &
Specialty Products Sales Division

We are strengthening our foundation and aiming to achieve medium- to long-term growth in order to develop the Fine Chemicals Business into our second pillar. We will accelerate efforts to increase profitability by focusing on high-value-added products for the semiconductor field.

In the Fine Chemicals Business, our group is applying its advanced organic synthesis technology cultivated in the agricultural chemicals business. The Fine Chemicals Business includes four subsegments, which are the chlorination business, advanced chemicals business, expanded polystyrene business, and specialty chemicals business, and is engaged in a wide range of businesses in various fields that support the foundations of our daily lives.

In the chlorination business, the environment remains tough for pharmaceutical and agricultural chemical intermediates and raw materials for aramid fibers due to price competition with overseas competitors, but sales of products for electronic materials are strong. In the advanced chemicals business, sales of bismaleimides (BMIs), a resin raw material used in laminates for AI servers, were favorable, and we have established a system to increase production by starting operations at a new plant. In addition, we began full-scale sales of carbonyl sulfide (COS) gas, a newly developed etching gas for semiconductors, and expect demand to increase. Going forward, we will further focus on product development and contract manufacturing in the semiconductor-related field, which is a growing market, with the aim of achieving medium- to long-term growth.

Opportunities	● Increasing demand in advanced fields such as semiconductors, pharmaceuticals, and fine chemicals
Strengths	● Advanced organic synthesis technology cultivated through the manufacture of active ingredients for agricultural chemicals ● Integrated research and development system from compound discovery to development of new products
Threats	● Rising crude oil and raw material prices, exchange rate fluctuations, and tariffs ● Geopolitical risks and U.S.-China economic friction, etc. ● Price competition with overseas products
Weaknesses	● Positioned upstream in the value chain and affected by customer development trends, demand, and inventory situations

Themes in the Current Medium-Term Business Plan

- Start of full-scale sales of etching gas (COS) for semiconductor memory manufacturing
- Strong sales of BMIs Expansion of production capacity through operation of a new plant
- Expansion of uses of amine curing agents
- Expansion of business domains for custom manufacturing for fine chemicals
- Development of new products in cooperation with group companies

Business Environment

Chlorination Business

In the chlorotoluene business, which deals with pharmaceutical and agricultural chemical intermediates, price competition from overseas competitors is intensifying despite solid demand. In the chloroxylene business, a delay in the recovery of demand for end products relating to raw materials for aramid fiber applications has occurred due to intensifying price competition from overseas competitors and restraints on infrastructural investments in each country. Since demand is expected to grow in both fields in the future, we are working to meet such demand as well as improve profits through cost reduction efforts. On the other hand, demand for semiconductor-related resin and raw materials for medical-related applications in the chloroxylene business has been robust, and we will continue to expand our lineup of high-value-added products.

Advanced Chemicals Business

In the advanced chemicals business, we sell etching gas for semiconductors, diamines, and BMIs, and undertake contract manufacturing of functional materials. Sales of semiconductor-related materials are particularly strong. Semiconductors are an important field that supports our digital society through high-speed communications, AI, and self-driving cars. The global semiconductor market is expected to reach 772.2 billion dollars, up 22.5% year on year, in 2025. The global market is also expected to mark double-digit growth in 2026, and it is forecasted to exceed 1 trillion dollars in 2029. Going forward, we will further strengthen business expansion by positioning semiconductor-related materials, which are experiencing remarkable growth, as a priority area.

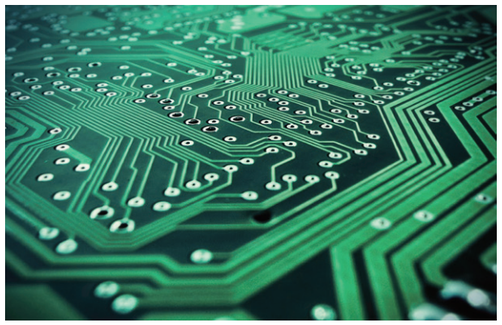
Business Strategy

● Aiming for net sales of 26.1 billion yen in FY2026 Focusing on the semiconductor field

Since the business integration with Ihara Chemical Industry in 2017, we have been working to develop the Fine Chemicals Business as the second pillar alongside the agricultural chemicals business. The Fine Chemicals Business achieved net sales of 25.1 billion yen, up 0.4% year on year, in FY2025, the second year of the current Medium-Term Business Plan. The sales target is 26.1 billion yen, up 4% year on year, for FY2026, the final year of the Medium-Term Business Plan. On the other hand, due to intensifying price competition with overseas products, it is expected that it will be difficult to achieve the net sales target of 28.5 billion yen set in the Medium-Term Business Plan, but high-value-added products such as semiconductor-related materials are performing well, and we aim to achieve net sales of 30.0 billion yen or more in the next Medium-Term Business Plan.

● Etching gas (COS) for semiconductors

COS gas is a product manufactured as an intermediate for agricultural chemicals using a unique manufacturing method. In order to expand the use of COS gas as an etching gas for semiconductor memory manufacturing, we constructed a new processing plant and achieved the high purity required for semiconductor-grade products. Full-scale sales have begun, and are expected to expand significantly in the future as demand for semiconductors grows. We will continue to further strengthen our sales and production systems and aim to expand our business.



● Bismaleimides (BMIs)

BMIs are important raw materials that provide heat resistance and toughness mainly to resins used in laminates for AI servers. Sales have steadily increased in line with the growth of the AI market, and we have one of the top market shares in Japan. To capture further demand, we began operation of a new plant and expanded production capacity. Going forward, we will continue to actively promote the development of new BMI derivatives and the cultivation of new customers and applications, and strengthen our product portfolio.



● Amine curing agent

We have been manufacturing and selling aromatic diamine curing agents for urethane and epoxy resins for more than half a century, contributing to the realization of a sustainable society. In recent years, inquiries regarding epoxy and imide resin applications in the semiconductor materials field have been increasing, and we will continue to expand our product lineup to meet such needs.

● Custom manufacturing for fine chemicals

Regarding custom manufacturing for fine chemicals, we have been applying our long-cultivated organic synthesis technology consistently across R&D, manufacturing, and sales of fine chemicals. In order to expand our business domains, we will work on themes in the electronic materials field, such as the semiconductor field, where strict quality is required. At the same time, we will further strengthen our initiatives for high-value-added products, not only by supplying monomers but also by manufacturing resins.

● Developing new products

Based on the creative synthesis capabilities we have cultivated in the agricultural chemical business, we specialize in diverse molecular design and offer a wide range of resin raw materials for electronic materials, such as BMIs, diamines, and chlorinated xylene derivatives. In cooperation with group companies, we are focusing on developing new products in the electronic materials field and taking on challenges in new domains by leveraging these strengths. At the same time, we will aim to strengthen our business foundation and expand business over the medium to long term by streamlining human and facility resources, strengthening development and sales capabilities, and implementing discontinuous measures through investment considerations, including M&As and capital alliances.

Production / Procurement

The mission of the Production & Procurement Division is to supply high-quality products through the stable procurement and production of raw materials, giving the highest priority to safe operation.

Each of our group's factories has its own distinctive production technologies and equipment. With "providing a stable supply of high-quality products and services" as a key policy, they produce active ingredients and formulations for agricultural chemicals and various types of fine chemicals. We conduct our production activities with safety of operations as our top priority and the stable supply of high-quality products at lower prices as our mission. We conduct manufacturing and quality control in an effort to enhance our quality assurance systems based on our quality management system, and we will work to increase productivity and lower costs through the improvement of existing facilities, adoption of the latest equipment, and optimization of procurement. Further, in the pursuit of sustainability management, we are committed to stabilizing our supply chain through procurement from multiple sources and CSR procurement. To contribute to the reduction of environmental impacts, we are also implementing measures for reducing greenhouse gas emissions through consideration and utilization of environmentally-friendly materials and equipment.



IKAWA Teruhiko
Director, Managing Executive Officer, Head of Production & Procurement Division

Manufactured Capital

Shizuoka Factory



The Shizuoka Factory is our production base for chemicals centering mainly on agricultural chemical active ingredients. It supplies organic compounds that meet the needs of our customers, including pharmaceutical and agricultural chemical intermediates and high-performance chemicals, to markets around the world. It has recently begun production of high-purity COS gas, using carbonyl sulfide (COS), our intermediate for agricultural chemicals. Used as an etching gas needed in the manufacture of cutting-edge semiconductor memory, this new product will contribute to our expansion of the fine chemicals business domain.

Kogota Factory



The Kogota Factory is our production base for granules, MAMETSUBU® granules, jumbo formulations, and water dispersible granules for herbicides, including those containing EFFEEDA®, as well as emulsions and flowable formulations for insecticides and fungicides. With the adoption of the latest equipment, its new manufacturing plant for emulsions and flowable formulations, which can be operated automatically, was completed and began full-scale operation in 2025. Construction of a new office building and security office to replace aging facilities was also completed, and work has begun in the new offices.

Tatsuno Factory



The Tatsuno Factory is a multi-purpose factory capable of high-variety, low-volume production. It has production facilities capable of handling various formulations, such as emulsions and flowable formulations for herbicides, including those containing EFFEEDA®, and granules, wettable powders, and water-dispersible granules for insecticides and fungicides, including those containing DISARTA®. In 2025, it replaced its existing packaging equipment for emulsions and flowable formulations with new equipment capable of complying with various packaging specifications. The new equipment, which can be operated automatically, has begun full-scale operation.

Onomichi Factory (ONOMICHI KUMIKA INDUSTRY)



Our consolidated subsidiary, ONOMICHI KUMIKA INDUSTRY, was established as our Onomichi Factory. It engages in custom production, including the formulation and packaging of agricultural chemical products such as granules and water-soluble formulations, intermediates for agricultural chemicals, and the pulverization and processing of industrial chemicals. Equipped with a wide variety of facilities, including those for fine grinding, mixing and pulverizing, and property modification, it leverages the fine grinding technology cultivated in the Agricultural Chemicals Business to offer powder processing to a wide range of fields.

Our Production Technology

Establishing and Improving Manufacturing Technology in Collaboration with the Research & Development Division

Our Chemical Research Institute (ShIP) conducts comprehensive operations from discovery of new agricultural chemicals to optimizing the synthesis methods of active ingredients for process chemistry, and developing processes intended for actual production, to establishing the formulations that are the final product. Close collaboration between production sites and research institutes in these processes enables early upscaling from the laboratory level to the production level for the establishment of manufacturing methods at factories.

ShIP also works on continuous improvements of existing active ingredients and formulations through collaboration between factories and research institutes to reduce manufacturing costs and improve production efficiency. In these ways, it is contributing to the stable supply of high-quality products.

Organic Synthesis Technology

The Shizuoka Factory is equipped with multipurpose plants capable of small- to large-scale production. Making full use of organic synthesis technology accumulated over many years, it is capable of conducting a wide range of reactions. In addition, the use of in-house waste treatment facilities contributes to safe and environmentally friendly production.

Through these facilities and technologies, we are able to handle custom synthesis of organic compounds attuned to the needs of customers in various fields, from agricultural chemical active ingredients to high-performance fine chemicals.

Agricultural Chemical Formulation Technology

The Kogota Factory and the Tatsuno Factory are equipped with manufacturing facilities and packaging facilities corresponding to various formulations of agricultural chemical products used in Japan and overseas. Herbicides and insecticides/fungicides are separated into different plants by formulation type, both to prevent contamination and to establish a backup production system.

MAMETSUBU® is a formulation that makes the most of our proprietary manufacturing technologies. With an extensive product range that accommodates diverse application methods, it has been highly regarded as a labor-saving formulation that greatly reduces work time for over 20 years since its release. It is also ideal for application by drones and is making significant contributions to the realization of smart agriculture.

In addition, with the automation of large-format packaging to accommodate the specifications for direct delivery to growers, we have established a framework for stable product supply.

Leveraging these agricultural chemical formulation technologies, we have conducted beyond our own agricultural chemical products to provide contracted processing of other agricultural chemical formulations that contribute to agriculture in Japan and around the world.

KUMIAI CHEMICAL INDUSTRY's Procurement Activities

Guided by our basic policy for CSR procurement of raw materials, consisting of ❶compliance with laws and regulations; ❷fair trading; ❸protection of intellectual property rights; ❹respect for basic human rights; ❺consideration of the environment; ❻assurance of quality and safety of products and services and their stable supply; ❼proper information disclosure and information management; ❽co-existence with local communities; and ❾engagement with suppliers, we strive for stable procurement and cost reduction in an environment of rapidly changing global conditions. We regularly ask major suppliers to complete a questionnaire to confirm the status of their efforts. We also participate in the Declaration of Partnership Building and aim to build mutual prosperity with our business partners in our procurement activities.

Results of CSR Procurement Questionnaire Survey of Suppliers (FY2025)

Question Category	Scoring rate
I. Corporate governance	96%
II. Human rights	92%
III. Labor	96%
IV. Environment	95%
V. Fair corporate activities	95%
VI. Quality and safety	98%
VII. Information security	96%
VIII. Supply chain	95%
IX. Co-existence with local communities	95%

Note: Questions asked of the top 17 suppliers with the highest procurement value results (Coverage of total procurement value: 83%, excluding companies and organizations with capital ties to us). Scores were calculated based on answers to multiple questions related to the above categories.

Future Measures

With safe operations as our top priority and the maintenance of a reliable product supply system as our greatest mission, we will continue in our efforts to achieve stable production and procurement to meet our customers' needs and live up to their trust in us. We will introduce the latest equipment and strengthen factory functions to improve safety, quality, and efficiency in production, and realize factories that are comfortable to work in and offer a sense of job satisfaction. We will also promote production and procurement that are conscious of sustainability in our efforts to realize a prosperous society that is considerate of the global environment.

Balancing ESG Initiatives with Economic Value Creation

The following illustrates how our group's ESG initiatives contribute to enhancing corporate value in relation to the corporate value calculation formula.

Kumiai Chemical Group's Corporate Value =

1 Increasing Value Creation

Cash Generation from Business Activities

Our group's initiatives to provide environmental and social value while generating cash:

- Maintenance and expansion of existing product sales
- Continuous development of new products (agricultural inputs with low environmental impact)
- Expansion of fine chemical sales

2 Lowering Capital Costs

Initiatives and Systems to Improve Reliability

Initiatives to enhance social recognition and trust and reduce capital procurement costs:

- Mitigation of climate change and environmental impact
- Responsible care / Occupational health and safety
- Corporate governance
- Respect for human rights

3 Increasing Future Growth Rate

Initiatives for Sustainable Value Creation

Initiatives to enhance future corporate value (unrealized financial value):

- R&D investment
- Human capital development
- Promotion of diversity and inclusion

Enhancing Corporate Value

- Corporate Philosophy ➡ P.01
- Ultimate Goals ➡ P.07
- Materiality ➡ P.19
- Medium-Term Business Plan ➡ P.21
- Value Creation Process ➡ P.15
- Message from the President ➡ P.09

Major ESG Initiatives

1. Increasing Value Creation

Value Provided to the Environment and Society by Our Group

Development of Agricultural Inputs with Low Environmental Impact

Under the theme of "Protecting and fostering life and nature," our group is dedicated to addressing global challenges in "global food security" and "environmental conservation." Since our founding, we have remained committed to the research and development of agricultural chemicals that offer greater efficacy, enhanced safety, and reduced environmental impact.

AXEEV®

A field crop herbicide developed with the target that has better efficacy at one-tenth the dosage compared to conventional field crop herbicides.

AXEEV®

ECO Series®

Microbial pesticides that contribute to reducing the risk-weighted use of chemical pesticides, a KPI of the Strategy for Sustainable Food Systems, MIDORI.



Provision of environmentally-friendly products and services

https://www.kumiai-chem.co.jp/english/sustainability/environment/environmental_consideration/

NATSU-TSUYOSHI®

Our first biostimulant product. It contains the root extract derived from the dye plant, Lithospermum erythrorhizon, as the active ingredient.



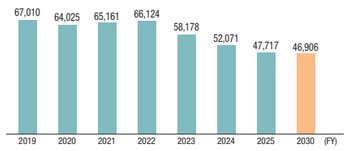
2. Lowering Capital Costs

Initiatives and Systems to Improve Reliability

Reduction of Greenhouse Gas (GHG) Emissions

FY2030 target:30% reduction compared to FY2019

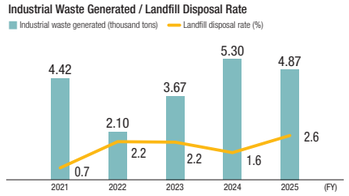
GHG Emissions (Scope 1+2)



Promotion of Zero Waste Emissions

FY2026 target: Landfill disposal rate of 1% or less

Industrial Waste Generated / Landfill Disposal Rate



Information Disclosure in Line with TCFD and TNFD Recommendations

➡ P.49

Contribution to Biodiversity

- Kumika Refugia Kikugawa / Fukushima Town

➡ P.54

Initiatives for Responsible Care

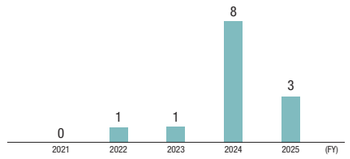
- Company-wide implementation of Occupational Health and Safety Management System (OHSMS)
- Signing the Responsible Care Global Charter

➡ P.55

Promotion of Occupational Health and Safety

FY2026 target: Number of accidents with lost time: 0

Number of accidents with lost time (Cases)



Improvement of Corporate Governance

➡ P.67

Respect for Human Rights

- Implementation of human rights due diligence

➡ P.57

- Participation in the United Nations Global Compact
- Implementation of human rights education and training

  FY2026 target: Employee coverage rate of 100%

  FY2025 results: Employee coverage ratio of 100%
- Implementation of harassment training

  FY2026 target: Employee coverage rate of 100%

  FY2025 results: Employee coverage ratio of 100%

3. Increasing Future Growth Rate

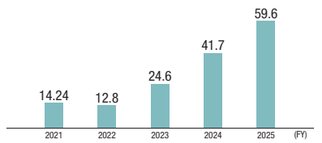
Initiatives for Sustainable Value Creation

Strengthening Human Capital Development

Training time per employee

FY2026 target: 50 hours per year

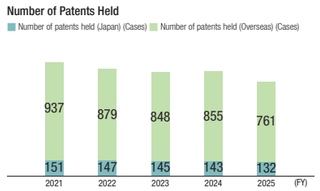
Training Time per Employee (hours)



Strengthening Competitiveness through Patents

Number of patents held

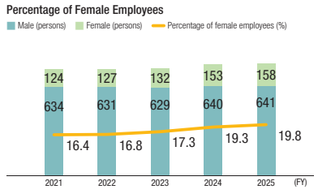
Number of Patents Held



Promotion of Diversity and Inclusion

Percentage of female employees

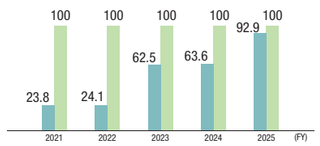
Percentage of Female Employees



Rate of male employees taking childcare leave

FY2026 target: 100%

Childcare Leave Usage Rate



Note: Greenhouse gas (GHG) emission reduction targets and results apply to seven group companies (KUMIAI CHEMICAL, RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, and KUMIKA LOGISTICS). All other targets and results apply solely to KUMIAI CHEMICAL INDUSTRY.

We will work on the mitigation of environmental impact, conservation of biodiversity, and sustainable food production through product development and initiatives designed with the future of society and the environment in mind, thereby contributing to the realization of a low-carbon, recycling-based society.

Having set mitigation of climate change and environmental impact, contribution to biodiversity, and contribution to a recycling-based society as materialities, our group aims to protect the global environment and realize a low-carbon society by fully utilizing its technologies, knowledge, and R&D capabilities. To align with the 2050 targets set out in the Ministry of Agriculture, Forestry and Fisheries' Strategy for Sustainable Food Systems, MIDORI—reducing the risk-weighted use of chemical pesticides and expanding organic farming—, we will advance the R&D of safe and reliable chemical pesticides and accelerate the development of microbial pesticides and biostimulants. We also support the "30by30" target established in the Kunming-Montreal Global Biodiversity Framework and aim to be nature positive by registering the Kumika Refugia Kikugawa / Fukushima Town and promoting nature and biological conservation activities in the region. As part of our efforts to realize a recycling-based society, we have established an environmental management system in accordance with ISO 14001 and launched the ESG Project.



YOSHIMURA Takumi
Director, Senior Managing Executive Officer

Information Disclosure in Line with TCFD and TNFD Recommendations

Introduction

Climate change and nature degradation pose diverse challenges to agriculture, including increases in pests, declines in crop yields and quality, shifts in production areas, deterioration of forests and soils, and loss of biodiversity.

In line with its corporate philosophy of "Protecting and fostering life and nature," our group aims to balance improvements in agricultural productivity with sustainability, based on the materiality identified and its basic policies on sustainability and the environment.

Governance to Promote Sustainability

The Sustainability Promotion Committee, chaired by the Representative Director, President and composed of full-time Directors and Executive Officers, formulates strategies on sustainability issues, such as "mitigation of climate change and environmental impact" and "human capital development / human capital strategy based on the idea of human capital," manages the progress of the action plan for each issue, and also formulates information disclosure strategies. The Responsible Care Promotion Committee also makes decisions on policies related to occupational health and safety and chemical substance management, and discusses measures to address these issues.

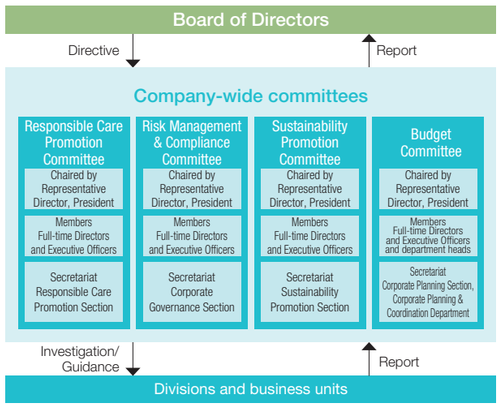
The Board of Directors comprises nine members, including Outside Directors with expertise in the environmental field. Based on reports from the Sustainability Promotion Committee and periodic updates from the Director, Senior Managing Executive Officer in charge of sustainability, the Board resolves and oversees the establishment and progress of key environmental policies and KPIs.

The Nomination and Remuneration Committee reviews our efforts in reducing greenhouse gas (GHG) emissions and their results, as well as our initiatives and achievements in the areas of anti-corruption, human rights, and decent work, and incorporates these factors into the determination of remuneration for Directors.

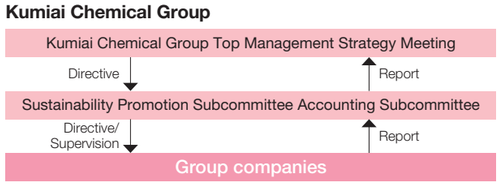
The Kumiai Chemical Group Top Management Strategy Meeting has been established to achieve sustainable growth and enhance corporate value over the medium- to long-term by ensuring stable business operations, promoting sustainability management, and achieving effective corporate governance. In line with the Kumiai Chemical Group Basic Policy on Sustainability, the Meeting is working to share and implement measures to help realize a sustainable society that meets the expectations and needs of our stakeholders. Under the Kumiai Chemical Group Top Management Strategy Meeting, the Sustainability Promotion Subcommittee is responsible for effectively implementing measures to promote sustainability management.

Sustainability Promotion System

Kumiai



Kumiai Chemical Group



Human Rights Policy and Engagement for Stakeholders

Considering that respecting human rights is the foundation of sustainability management, our group has endorsed and respects the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO) and has established the Kumiai Chemical Group Basic Policy on Human Rights. Moreover, we conduct human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and collaborate with all officers and employees of our group and other stakeholders to promote respect for human rights.

Our group is implementing Responsible Care activities as part of sustainability management. In the chemical industry, Responsible Care refers to activities that ensure the safety, health, and environmental protection of related people inside and outside Kumiai throughout all processes—including research and development, mineral extraction, procurement, production, distribution, sales, and use by customers through to disposal. These activities also involve disclosing the results and engaging in dialogue and communication with society. As part of these efforts, our group organizes annual tours of our factories and institutes for local residents and users. Furthermore, through initiatives such as providing users (pesticide users) with information on proper and effective usage methods and on-site support for product application, as well as disseminating information to general consumers, visiting elementary schools to give classes, and organizing food and agriculture discussion sessions led by high school students, we actively communicate with both users and general consumers can handle our products and the crops grown using them safely and with confidence.

Risk Management

We identify risks and opportunities recognized by our divisions, and also identify issues by referring to the recommendations of external organizations such as TCFD*1 and TNFD*2, as well as climate- and nature-related risks and opportunities recognized by other companies in the same industry. The degree of importance of each issue identified is determined by conducting impact assessments, taking into account the financial impact. Risk issues identified are discussed once a year by the Risk Management & Compliance Committee, a company-wide committee, and measures to address the issues are determined.

Our analysis of climate-related risks and opportunities, major risks and opportunities, measures to address them, and our GHG emissions data are disclosed on the Company's official website.

Our analysis reaffirmed that the realization of a safe, secure, and prosperous society will benefit our group's business continuity.

*1 TCFD (Task Force on Climate-related Financial Disclosures)
*2 TNFD (Taskforce on Nature-related Financial Disclosures)

Climate Change

Strategy

Our group has identified "mitigation of climate change and environmental impact" as one of its material issues and has assessed its climate-related risks and opportunities We have conducted scenario analysis by setting the "safe, secure, and prosperous society" scenario (called the 1.5°C scenario) that we aim to achieve and the "unsustainable society" scenario (called the 4°C scenario) where social issues such as climate change worsen, and have evaluated the impacts of risks and opportunities on our group. Measures for major risks and opportunities that have a large impact are being examined. The contents of these examinations are reported to the Sustainability Promotion Committee and Management, including the Representative Director and President, discusses climate change risks and opportunities.

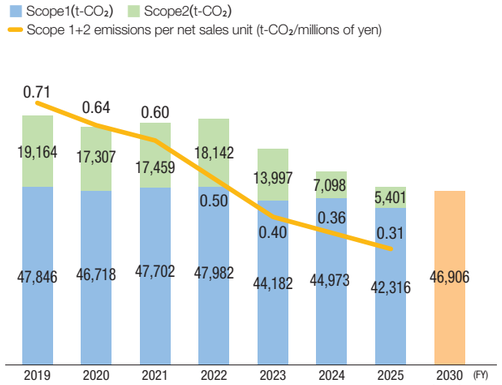
For more information, including scenario analysis, please visit our official website:

https://www.kumiai-chem.co.jp/english/sustainability/management/tcfd/

Indicators and Targets

Our group supports the Paris Agreement and has identified “mitigation of climate change and environmental impact” as one of its material issues. Setting FY2019 as the reference year, we aim to reduce Scope 1 and 2 greenhouse gas (GHG) emissions of our seven key group companies by 30% compared to FY2019 by FY2030. Specifically, we introduced CO_2-free electricity generated from renewable energy sources at our main factories and institutes, including the Shizuoka Factory. We also promoted fuel conversion from heavy oil to fuels with lower GHG emissions, thereby continuing to reduce GHG emissions from our business activities. By FY2048, the year of our 100th anniversary, we aim to achieve carbon neutrality by reducing the Scope 1 and 2 emissions of our seven key group companies to virtually zero. In the future, we will also consider the use of low-carbon fuels (such as hydrogen and ammonia), innovative carbon-negative technologies, and carbon credits, as our carbon neutrality goals are difficult to achieve with existing technologies alone. Regarding the progress to date toward achieving the reduction targets, we believe that our group is making good progress in reducing GHG emissions, as our GHG emissions in FY2025 decreased by approximately 29% compared to FY2019. Since FY2024, we have conducted third-party verification of our GHG emissions to ensure the transparency and accuracy of our calculation data. Furthermore, we support the Japanese government's countermeasures against global warming and conduct corporate activities in compliance with the Act on the Rational Use of Energy (Energy Conservation Act) and the Act on Promotion of Global Warming Countermeasures. We aim to achieve an annual reduction of 1% or more in either the five-year average energy intensity or the five-year average electricity demand optimization intensity, both of which are non-binding targets under the Energy Conservation Act. Through continuous efforts to reduce environmental impacts, we will strive to achieve the targets and disclose related information.

GHG Emissions and Reduction Targets



Note: Companies within the scope of calculation of GHG emissions (seven companies)
KUMIAI CHEMICAL, RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, and KUMIKA LOGISTICS

Natural Capital and Biodiversity

Strategy

Our group recognizes the importance of enhancing business sustainability by identifying nature-related risks and opportunities across the entire value chain—from product research and development and the procurement of raw materials for agricultural chemicals to production and use—and mitigating these risks while maximizing opportunities. For this reason, we conducted an analysis and assessment of our value chain using the LEAP approach, as recommended by the TNFD. This analysis targeted the Agricultural Chemicals and Agriculture-Related Business, which accounts for approximately 80% of our sales. Given the breadth of our product lineup and its broad geographical reach, our regional assessment under the LEAP approach focused on areas relevant to our mainstay products. An overview of the assessment results is provided on the following page.

Risks and Opportunities

Through our assessment in the Locate and Evaluate phases of the LEAP approach, we identified risks and opportunities associated with natural capital and biodiversity. Significant risks and opportunities, determined by their potential impact on our group and likelihood of occurrence, along with the corresponding countermeasures, are presented on the following page.

Overview of Assessment Results Under the LEAP Approach

	Overview of assessment results
Locate Evaluation of relationships with nature by region	● We identified that manufacturing bases of upstream suppliers in India and China may pose particularly high risks related to water and biodiversity. ● For our direct operations, we evaluated domestic manufacturing bases involved in the production of major products and confirmed their proximity to protected areas.
Evaluate Evaluation of dependencies and impacts	● In direct operations (agricultural chemicals production), we recognized that the potential impact on the natural environment from unintended chemical spills is particularly significant, making appropriate management a critical priority. ● Downstream in the agricultural chemicals market, we reaffirmed the importance of proper use of agricultural chemicals. We also identified significant opportunities to contribute to sustainable agriculture by providing products that help reduce the environmental impact associated with the use of water and soil in agriculture.
Assess Identification of risks and opportunities	● At the upstream (supplier) stage, we identified that the degradation or depletion of water resources could significantly affect our group’s operations. ● At the direct operations stage, we identified that tightening regulations on the management and disposal of chemical substances could significantly affect our manufacturing and R&D activities. ● Downstream in the agricultural chemicals market, we identified that growing demand for reduced environmental impact in agriculture, as well as changes in the agricultural environment—including water, land, and climate—could present our group’s significant business opportunities.
Prepare Response to risks and opportunities	● We have reviewed and organized our current measures addressing nature-related risks and opportunities. We will continue to explore measures to mitigate risks and create opportunities based on these assessment results. ● We manage and monitor nature-related issues using multiple indicators. Going forward, we will deepen our analysis of nature-related risks and opportunities and, as necessary, consider setting new indicators and targets.

Major Risks, Opportunities, and Countermeasures Identified

Classification		Major risks & opportunities	Impact on business	Response	Impact
Upstream (Suppliers)	Risk	Increased costs for water resource management and conservation	● Suspension of supplier operations, lower production volumes, or the installation of new facilities may lead to higher raw material procurement costs and reduced sales opportunities.	● Securing alternative raw material sources ● Implementing price pass-throughs	Large
Direct operations	Risk	Strengthening of chemical substance management and disposal regulations	● Compliance with new regulations, including the installation of new facilities and changes in manufacturing processes may lead to higher manufacturing and R&D costs.	● Implementing ISO 14001 at manufacturing bases ● Monitoring trends toward stricter regulations through Responsible Care management ● Updating facilities and manufacturing processes to comply with stricter regulations	Medium
Downstream (Agrochemical market)	Risk	Lower demand due to climate-driven changes in agricultural systems	● Rising average temperatures and shifting sunlight hours due to climate change may change cultivation systems and crop varieties, potentially decreasing demand for agricultural chemicals.	● Diversifying target markets (countries, regions, and crops) ● Developing and selling agricultural materials that help improve agricultural productivity	Medium to Large
		Reduced cropland due to water resource depletion and degradation, and lower demand due to changes in agricultural systems	● Limited agricultural water availability may reduce agricultural land area and change cultivation systems and crop varieties, potentially decreasing demand for agricultural chemicals.	● Diversifying target markets (countries, regions, and crops) ● Developing and selling environmentally-friendly products ● Developing and selling agricultural materials that help improve agricultural productivity	Medium to Large
	Opportunity	Increased demand due to climate-driven changes in agricultural systems	● Rising average temperatures and shifting sunlight hours due to climate change may change cultivation systems and crop varieties, potentially increasing demand for agricultural chemicals.	● Diversifying target markets (countries, regions, and crops) ● Developing and selling agricultural materials that help improve agricultural productivity	Medium to Large
		Demand arising from changes in cultivation systems and the dissemination of new agricultural methods	● Sales may increase for newly developed products such as biostimulants (BS) and smart agriculture technologies (such as application of MAMETSUBU® by drones).	● Diversifying target markets (countries, regions, and crops) ● Developing and selling materials that help improve agricultural productivity ● Developing and selling biological pesticides, and supporting the dissemination of smart agriculture	Medium to Large
		Response to the need for higher agricultural productivity amid reduced cropland	● Constraints on cropland and rising crop demand may increase the demand for agricultural chemicals needed to produce higher yields.	● Developing and selling agricultural materials that help improve agricultural productivity	Medium to Large
		Greater demand for environmentally-friendly products and response to the need for further risk reduction	● The growth of environmentally-friendly agriculture may increase demand for our products, such as those for dry direct seeding, microbial pesticides, and BS. ● Increasing environmental requirements may enhance the competitiveness of our lower-risk products.	● Continuously developing chemical and microbial pesticides with less risk to humans and the environment ● Developing and selling environmentally-friendly products ● Strengthening the proper use, dissemination and guidance of agricultural chemicals	Medium to Large
		Higher evaluation by investors and customers	● Selling environmentally-friendly products and raising awareness and promoting the proper use of agrochemicals contribute to ecosystem management and conservation, potentially enhancing our reputation among stakeholders.	● Continuing and strengthening guidance on the proper use and dissemination of agricultural chemicals ● Developing and selling environmentally-friendly products ● Ensuring appropriate information disclosure	Medium to Large

* The “impact” is the financial impact on profit and expenses of an eventuality, and is evaluated based on the following criteria: “Large”: three billion yen or more, “Medium”: one billion yen to less than three billion yen, and “Small”: less than one billion yen.

Key Initiatives

Initiative ❶ Development of agricultural materials that address agricultural issues

As an R&D-oriented company, we have been dedicated to developing agricultural chemicals to address crop production challenges since its foundation.

We remain committed to realizing sustainable agriculture in an era of significant environmental change.

- Our first biostimulant NATSU-TSUYOSHI® activates the expression of heat shock protein (HSP) genes in plants. It is expected to mitigate heat-related damage to various crops, an issue caused by global warming in recent years, and contribute to solving issues at food production sites.

Provision of environmentally-friendly products and services
https://www.kumiai-chem.co.jp/english/sustainability/environment/environmental_consideration/

Initiative ❷ Development of products with less risk to humans and the environment

Our R&D departments promote Responsible Care activities, including development focused on chemical safety. These efforts include reducing the use of organic solvents in agricultural chemical products, developing formulations that minimize worker exposure, and developing formulations that reduce risks to non-target organisms and the environment. These activities also comply with risk-based management practices (new regulations on autonomous chemical substance management under the revised Industrial Safety and Health Act), under which businesses assess the risks and toxicity of chemical substances on their own and take appropriate measures to prevent hazards.

Chemical Substance Management
https://www.kumiai-chem.co.jp/english/sustainability/management/responsible_care/pdf/ChemicalSafety.pdf

Initiative ❸ Implementation of an environmental management system (ISO 14001) at manufacturing bases

We implement ISO 14001 at all our manufacturing bases (three factories), pursuing continual improvement to protect the environment and adapt to changing environmental conditions, while balancing these efforts with socioeconomic needs. For more information, please see “Contribution to a Recycling-Based Society” on the following page.

Initiative ❹ In-house manufacturing facilities with low environmental impact

At the Shizuoka Factory, the activated sludge treatment system uses deep underground shafts to treat approximately 1,500 tons of wastewater per day within a limited footprint. By returning treated water that meets regulatory standards, we remain committed to reducing our environmental impact.

Shizuoka Factory
https://www.kumiai-chem.co.jp/company/production_base/shizuoka/ (in Japanese)

Indicators and Targets

The Kunming-Montreal Global Biodiversity Framework, adopted at COP15 in 2022, set a global target on natural capital, agriculture and pesticides of “halving the overall risk of pesticides and highly hazardous chemicals” by 2030. In Japan, the Strategy for Sustainable Food Systems, MIDORI, adopted in 2021, set specific KPIs for 2050, including “reducing the risk-weighted use of chemical pesticides by 50%” and “increasing organic farming area to 25% (1 million hectares)”. In line with these targets, we are advancing initiatives related to natural capital and biodiversity. Nature-related indicators have been organized with reference to the TNFD core global disclosure metrics and the chemicals sector-specific core disclosure metrics. The current nature-related targets are presented on the following page.

Indicators	Scope	Indicators		FY2025 results
Water withdrawal*1	Four group companies	Number of bases with high water stress		0 bases
Water discharge*1	Four group companies	Water discharge amounts		3,260 thousand m³
Chemical substance emissions	Stand-alone	PRTR Class 1 Designated Chemical Substance Emissions		4.1 t
Waste*2	Seven group companies	Industrial waste generated	Total amount generated	10.94 thousand tons
			Landfill disposal amount	0.15 thousand tons
			Incineration disposal amount	6.85 thousand tons
			Recycled amount	3.94 thousand tons
		Specially controlled industrial waste generated	Total amount generated	4.72 thousand tons
			Landfill disposal amount	0.00 thousand tons
			Incineration disposal amount	4.52 thousand tons
			Recycled amount	0.20 thousand tons
Air pollutants*3	Stand-alone	Total emissions of SOx		0.7 t
		Total emissions of NOx		2.8 t
		Particulate matter		0.4 t
Compliance violation	Stand-alone	Number of violations of environmental laws and regulations		0 cases

Indicators	Scope	Indicators	FY2025 results	FY2026 targets	FY2030 targets
Waste	Stand-alone	Waste landfill disposal rate	2.6%	1% or less	1% or less

*1 This data is compiled for the manufacturing bases of four group companies that have major manufacturing bases. (KUMIAI CHEMICAL, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry)
*2 This data is compiled for seven group companies.
(KUMIAI CHEMICAL, RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, KUMIKA LOGISTICS)
*3 KUMIAI CHEMICAL (Shizuoka Factory, Kogota Factory, Tatsuno Factory)

Contribution to Biodiversity

Kumika Refugia Kikugawa (biotope)

A 3,030-square-meter biotope has been established on land adjacent to our Life Science Research Institute in Kikugawa City, Shizuoka Prefecture. In the increasingly urbanized surrounding environment, we aim to maintain and manage this rich natural environment by recreating the satoyama landscape that once existed in this area and reviving the flora and fauna that inhabited it.

Kumika Refugia Kikugawa
https://www.kumiai-chem.co.jp/sustainability/kumika_special/08/ (in Japanese)

Environmental Conservation Activities in Kumika Refugia Fukushima Town

In 1974, we purchased approximately 640 hectares of forest in the town of Fukushima, Hokkaido, and have been involved in maintaining and managing the forest. Proper management of forests maintains a rich ecosystem, including flora and fauna unique to the region.

Kumika Refugia Fukushima Town
https://www.kumiai-chem.co.jp/english/sustainability/environment/biodiversity/

Contribution to a Recycling-Based Society

In order to realize clean factories, we target the following items.

❶ Reduction of energy use
❷ Decarbonization of energy use
❸ Change of materials used for containers for raw materials and packaging for inter-factory transfer, recycling of containers and packaging
❹ Paperless operation by eliminating the use of hard copy of performance charts, etc.
❺ Reuse of emitted energy
❻ Recycling of solvents used
❼ Recovery of valuable materials from wastewater

Implementation of ISO 14001 at Manufacturing Bases

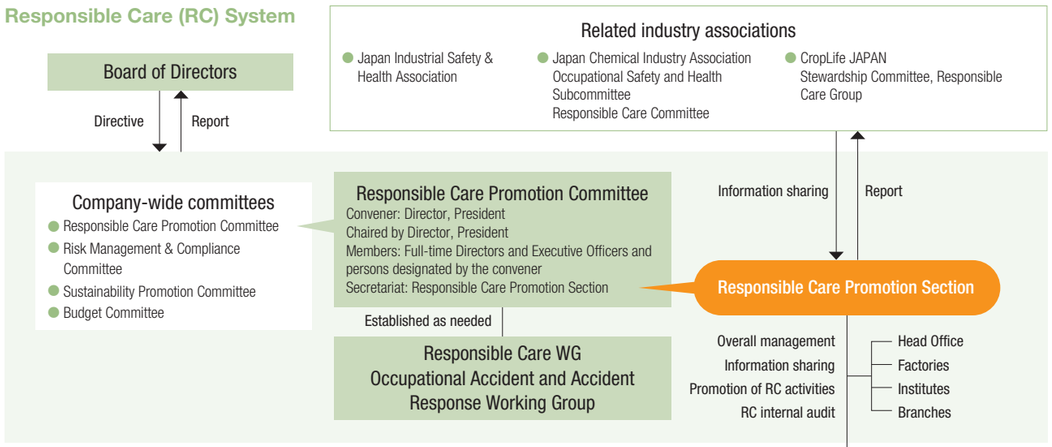
We implement ISO 14001 at all our manufacturing bases (three factories), pursuing continual improvement to protect the environment and adapt to changing environmental conditions, while balancing these efforts with socioeconomic needs. At the Environmental Management Committee for the Kogota and Tatsuno Factories held in December 2025, the following management reviews were reported: (1) While we achieved a 60% reduction in greenhouse gas emissions, exceeding our target, we will continue to promote further reduction measures such as upgrading facilities and reviewing business processes in pursuit of our long-term goal of carbon neutrality by FY2048; (2) To reduce costs and ensure operating income, we position waste reduction as a key priority, and accelerate these efforts through improvements in facilities and processes; and (3) We will also work to optimize and reduce our water usage, thereby reducing the overall environmental impact of our business activities. These measures will be implemented through continual improvement realized through the operation of ISO 14001.

Initiatives for Responsible Care

Our Responsible Care activities are to protect the safety, health, and the environment of related people inside and outside Kumiai throughout all processes, including research and development, production, sales, and use by customers through to disposal.

Our group is implementing Responsible Care activities as part of sustainability management. In order to improve our activities, we leverage working groups and cross-functional collaboration.

Responsible Care (RC) System



- **Responsible Care Promotion Committee**
  The committee deliberates on matters related to Responsible Care in accordance with the Kumiai Chemical Group Basic Policy on Responsible Care.
- **Responsible Care Working Group (WG)**
  To protect and continuously improve the environment, health, and safety throughout the lifecycle of chemical products, from development to disposal, the WG brings together responsible personnel from all departments to address cross-departmental issues.
- **Occupational Accident and Accident Response Working Group**
  To ensure a prompt resumption of operations in the event of a serious occupational accident or accident, we will establish an Occupational Accident and Accident Response Working Group. In addition to the relevant departments, other parties will participate in the environmental, health, and safety risk assessments from an independent standpoint to evaluate and approve the resumption of operations.

Revision of the Basic Policy on Responsible Care

As we advance the company-wide implementation of the Occupational Health and Safety Management System (OHSMS) and pursue ISO 45001 certification primarily at our factories, it is essential to establish an occupational safety and health policy. Since Responsible Care encompasses occupational health and safety, we have revised the Basic Policy on Responsible Care to include our occupational safety and health policy.

https://www.kumiai-chem.co.jp/english/sustainability/management/responsible_care/

Company-wide Implementation of Occupational Health and Safety Management System (OHSMS)

In January 2026, we began company-wide operation of the OHSMS to enhance employee awareness of occupational health and safety, maintain an accident-free, healthy, and comfortable workplace, and promote Responsible Care. OHSMS is a system that uses the PDCA cycle to systematically and continuously promote safety and health management. Through this system, we aim to prevent occupational accidents, promote workers' health, and create a safe and comfortable working environment.

By sharing concerns and risks identified in daily operations and using them to make improvements, we can create a safer and more comfortable workplace. We will promote this initiative company-wide as the first step toward protecting the health and safety of all employees.

Obtaining ISO 45001 Certification

ISO 45001 (the international standard for OHSMS) provides objective evidence of our commitment to improving the working environment and enhances our corporate credibility. We plan to obtain certification by October 2026, primarily at our factories.

Information Exchange with Group Companies

In 2024, we launched Safety Nexus, a mutual information exchange system designed to facilitate the sharing and use of occupational health and safety information. As a common platform for group companies, Safety Nexus has transformed communication from conventional individual email exchanges into open forums. By enabling personnel at our Head Office, factories, institutes, and group companies to share information, it promotes mutual communication, centralizes information management, and improves access to the information they need.

Chemical Substance Management (Chemical Safety)

Since its founding, our group has contributed to the realization of a sustainable society through the R&D of safe and effective agricultural chemicals and high-quality chemical products. We give the utmost consideration to the safety of chemicals and their effects on the environment and human health, comply with relevant domestic and international laws, regulations and guidelines, and appropriately respond to societal demands and regulatory requirements. We ensure safety throughout the product lifecycle and promote sustainable business activities that earn society's trust through transparent corporate activities.

Chemical Substance Management
https://www.kumiai-chem.co.jp/sustainability/management/responsible_care/pdf/chemicalsubstancemanagement.pdf (in Japanese)

[Basic Policy]

- Compliance with laws and regulations, and international standards
- Thorough safety management throughout the lifecycle
- Accuracy of information and responsible responses
- Provision of accurate information on chemical substances
- Dissemination of safety information on chemical substances
- Compliance with laws and regulations
- Proper management and handling of chemical substances

Responsible Care Global Charter

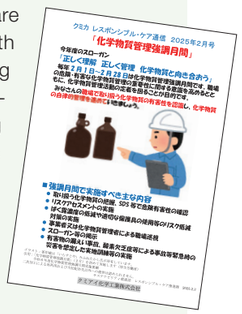


We have signed the Responsible Care Global Charter to promote proactive Responsible Care activities. As part of our sustainability management, we strive to protect the environment, ensure safety and health, and to make continuous improvements. Furthermore, our group has established the Basic Policy on Responsible Care, and management is exercising leadership in promoting these activities. The signing of the Responsible Care Global Charter is a reiteration of the Responsible Care activities that we have been promoting on a daily basis, and we will continue to actively engage in Responsible Care activities in the future.



ISHIBASHI Tomotaka
Responsible Care Promotion Section, Sustainability Promotion Department

Since 2019, we have been publishing the monthly Responsible Care Newsletter, and in 2024 we introduced the bimonthly Mental Health Care Newsletter for all officers and employees across the group. Seeing these newsletters in use—such as being posted at worksites—genuinely makes me glad that we have continued this initiative. Knowing that they capture employees' attention is a great motivator for me as the person in charge. I hope these newsletters provide an opportunity for employees to reflect on the environment, health, and safety in their daily work, leading to small but meaningful changes in daily actions and awareness.



Responsible Care Newsletter

Respect for Human Rights

Basic Approach

Considering that respecting human rights is the foundation of sustainability management, our group has endorsed and respects international norms related to human rights, such as the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO), and has established the Kumiai Chemical Group Basic Policy on Human Rights. Moreover, we conduct human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights, and collaborate with all officers and employees of our group and other stakeholders to promote respect for human rights.

Our group's Code of Conduct and Basic Policy on Human Rights state that our group prohibits discrimination based on gender, age, nationality, race, ethnicity, religion, creed, culture, customs, lifestyle, values, educational background, social status, disability, or sexual orientation/gender identity in its business activities, and respects basic human rights.

Human Rights Promotion System

We have the Risk Management & Compliance Committee (comprising full-time Directors and Executive Officers) chaired by the Representative Director, President, with the Corporate Governance Section serving as the secretariat. The Committee reports and discusses the results of human rights due diligence, summaries of reports under the internal reporting system, and responses to human rights issues.

Human Rights Due Diligence

Based on the Kumiai Chemical Group Basic Policy on Human Rights, our group has established the Guidelines for Human Rights Due Diligence (human rights DD) to address human rights issues.

Based on the guidelines, from a wide range of human rights issues (risks), we identified those that could have a negative impact on our group's business activities. As a result, upstream in the supply chain, risks that our group may contribute to negative impacts and risks that our group's business, products, and services may be related to negative impacts were assumed. Consequently, we recognize that human rights DD initiatives upstream in the supply chain should be prioritized. A survey of our major suppliers conducted in 2025 identified no human rights risks that could have negative impacts on the supply chain. We will continue to conduct human rights DD while reviewing the implementation methods and scope of coverage in a timely manner.

Major Initiatives

(1) Internal reporting system

We have established an internal desk operated by the Legal & Compliance Department and an external desk operated by a specialist company. The external desk also serves as the contact point for internal whistleblowing and accepts reports from officers and employees of our group. Reports of harassment or compliance violations may be submitted either under the reporter's real name or anonymously. Upon receiving a report, we conduct an investigation, implement corrective actions, and take measures to prevent recurrence in accordance with internal regulations. These regulations ensure confidentiality and protect whistleblowers in handling reports, and also require appropriate remedial and restorative measures if any adverse treatment occurs as a result of reporting. The regulations are communicated to all officers and employees. The handling of reports is reported to the President, the officer in charge of the Legal & Compliance Department, and full-time Audit & Supervisory Board Members to ensure appropriate monitoring. The contact information for the external consultation desk is communicated to officers and employees through posters and the Compliance Newsletter to enhance the effectiveness of internal reporting.

(2) Compliance Awareness Survey

Our group conducts a periodic compliance awareness survey covering all employees. The survey examines the status of sexual harassment and abuse of authority in the workplace, as well as awareness of harassment. The results are analyzed by office, department, generation and employment status to evaluate the level of understanding and identify issues.

(3) In-house training and education

We provide human rights training for all our employees. In FY2025, each employee completed approximately 160 minutes of human rights e-learning. We also produced a booklet on compliance and distributed it to all officers and employees of our group. Through these initiatives, we strive to deepen understanding of human rights issues and raise awareness of harassment prevention.

Handling of Cases under the Internal Reporting System

The number of reports to the internal reporting system during FY2025 was 14 for our group (7 for us). For cases in which harassment or similar misconduct was confirmed following investigations, corrective actions and recurrence prevention measures were implemented through cautionary guidance and instructions to the individuals involved and other relevant parties.

Data on Internal Reporting System

	Unit	FY 2023	FY 2024	FY 2025
Number of reports and consultations made to the internal reporting system (Helpline)	Cases	13(6)	14(6)	14(7)

Note: The above data is for Kumiai Chemical Group. Figures in parentheses are for KUMIAI CHEMICAL.

Participation in the United Nations Global Compact

In order to further enhance sustainability management, we have signed the United Nations Global Compact and registered as a participant as of September 18, 2023.

WE SUPPORT
UN GLOBAL COMPACT

United Nations Global Compact
https://www.kumiai-chem.co.jp/english/sustainability/management/humanrights_policy/

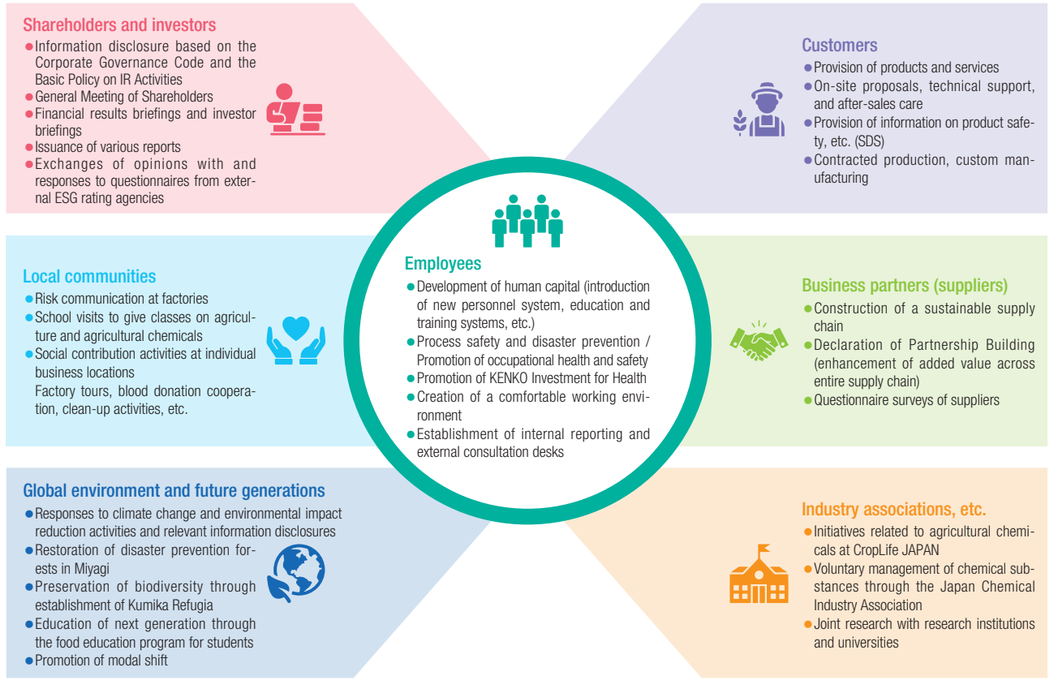
Stakeholder Engagement

Our group is pursuing the happiness of all stakeholders, including shareholders, business partners, and employees, by continuing our challenge of creating new value that will help to realize a sustainable society. We strive to realize a sustainable society and enhance corporate value by strengthening our communication with all stakeholders and incorporating their expectations and requests into our business strategies.

Statement to All Stakeholders of Kumiai Chemical Group

Our group always strives for harmony with all stakeholders through transparent corporate activities.

Approaches and Specific Measures for Each Group of Stakeholders



Specific Measure Dialogue with Local Communities

As part of our risk communication efforts, we organize annual tours of our factories and institutes for local residents and users. These tours are a great opportunity to help visitors understand our safety awareness and initiatives through business presentations and site visits.

As part of our efforts to raise awareness and deepen stakeholders' understanding of agriculture and agricultural chemicals, we have created a series of brochures on agricultural chemicals used for crops and distributed them to elementary schools in various regions in Japan. We visit elementary schools near some of our offices to give classes designed to raise awareness about the importance of agriculture and agricultural chemicals. Through these initiatives, we aim not only to enhance our corporate value by disseminating accurate information on agricultural chemicals, but also to foster an environment in which growers and our employees can handle agricultural chemicals with confidence.

- **Risk communication at factories**
- **Tours of factories and institutes**
- **School visits to give classes**
  Visits to elementary schools near some of our offices to give classes
  Exhibiting at Farmers & Kids Festa
  Exhibiting at Manabi-Fes (Learning Festival) (twice a year in spring and summer)


Scene from a school visit to give classes

Aiming to Enhance Corporate Value Increasing the Ability to Communicate the Superiority of KUMIAI CHEMICAL



Outside Director NISHIO Tadahisa　Outside Director IKEDA Kanji　Outside Director YAMANASHI Chisato

Fostering a Sense of Crisis That Permeates the Company and Embracing the Challenge of Change and Results

NISHIO: We are now in the second year under the new system. When Mr. YOKOYAMA assumed the position of President, he made three requests to the employees: to maintain a healthy sense of crisis, not to be afraid of change, and to be insistent on results. Looking back on this past year, I feel that these three requests have had an impact on awareness reform and behavioral change within the company. I do believe that, when embarking on some kind of action, employees have a greater awareness than ever of numerical targets and outcomes.

IKEDA: Perhaps a slight exaggeration, but I believe that we could describe Mr. YOKOYAMA's first year as President could be described as tumultuous. At almost every Board of Directors meeting, the issue of countermeasures against AXEEV® generic products was on the agenda, and we also had to deal with the extraordinary loss recorded by one of the consolidated subsidiaries. Started by the Trump tariffs, the global economy has been growing increasingly turbulent. In that respect, I see the past year as a year of headwinds.

I believe that, guided by his clear policy that a company must strengthen its resilience, especially in times of adversity, Mr. YOKOYAMA has firmly steered the company through a year of rough seas.

YAMANASHI: In reflecting on this past year, what has impressed me has been the way in which Mr. YOKOYAMA's honest, strong has been a major driving force propelling Kumiai forward. Those three requests that he made on his appointment have also been a consistent part of the decision-making in the Board of Directors. I also believe that the healthy sense of crisis he called for has been communicated to the employees.

IKEDA: What impressed me was that it has been an opportunity for awareness reform, that rather than viewing crisis management negatively, we were able to reassess it calmly and objectively to identify positive possibilities. For example, because generic products are an inevitable challenge for companies that develop new chemicals, this situation needs to be accepted calmly and turned into a positive opportunity. I was able to confirm the sincere commitment of the management team in acknowledging that need and addressing this issue sincerely. Accepting a crisis positively will simultaneously also lead to an awareness of insisting on results without being afraid of change. Only a single letter separates the words "change" and "chance." Simply replacing the "g" in Change with "c" changes the meaning to Chance.

Further Refining the New Personnel System to Raise Employees' Motivation

NISHIO: One specific example of change in this past year has been the fundamental review of the personnel system. The personnel system had been rigid, largely unchanged for over 30 years, but with the introduction of systems such as a multifaceted salary increase scheme and a region-specific employee system to establish mechanisms that will properly recognize employees who have produced results, efforts are underway to ensure career diversity and increase employee and company engagement.

YAMANASHI: Humans are creatures that are naturally resistant to change, aren't they? I imagine that reforms that directly affected themselves, such as the reform of the personnel system, must have required extraordinary effort. I have gained a real sense of the steady and diligent efforts made over the past three years to complete the personnel system reforms. Proceeding with the establishment of those reforms within the company and carefully communicating the three requests will, I believe, help to achieve even better results.

NISHIO: The actual operation of the system is also important, isn't it? Recently, there has been an increase in mid-career recruitment. Embedding a culture of embracing challenges without fear of change requires both appropriate delegation of authority and mechanisms for acknowledging people who embrace challenges. I think that these have been clearly identified as issues to address going forward. I intend to further refine the system and make it effective.

IKEDA: Kumiai is an R&D-oriented company, but the environment surrounding its research and development has become increasingly complex and sophisticated, highlighting the need for more diverse, advanced talent. The challenge now is to develop a personnel recruitment system that is capable of addressing these issues. I think that what we need to do is pay close attention to the mindset of the new generation. The new personnel system has just started, so it will likely take some time before we see results. I intend to keep a close watch on developments in this respect.

YAMANASHI: Something that I have long felt is that balance is essential within an organization. I believe that, in an organization that has a wealth of diversity in its personnel, ranging from highly experienced employees to younger staff and people who have joined the company from other organizations, a willingness to challenge each other's perspectives, listen to others' opinions, and absorb insights with an open mind will create new values and generate innovation.

NISHIO: Kumiai has an exceptionally low staff turnover rate. Through conversations with the President, I have realized anew that this low turnover rate can be attributed to the high level of psychological safety that allows employees to take on challenges with peace of mind, or in other words, the comfort of the workplace.

IKEDA: I view a low turnover rate as something to be commended in a corporate organization. As mid-career recruitment increases, I believe a culture is being fostered in which people with diverse experiences from previous jobs can absorb our ways of working and corporate culture and integrate them with their past experience, and that this will have a positive effect on the organization.

YAMANASHI: Last year, I had the opportunity to talk to a number of young female employees. They all seemed to feel concerned about the future, so, based on my own experiences of career advancement, I told them that never missing a chance to take on challenges, the personal relationships that I built, and the knowledge that I gained in doing so would later become valuable assets. I understand that similar kinds of roundtable discussions are also taking place among employees. I hope that I can make a contribution as an Outside Director to ensure that these kinds of actions lead to awareness reform among employees.

Developing Next-Generation Commercial Products That Will be a Pillar of Growth with Speedy Development Capabilities

NISHIO: This year is the final year of the Medium-Term Business Plan. We must confront the fact that achieving the Plan's targets will be challenging. Going forward, breaking free from the dependence on AXEEV®, which has been the main earnings driver, will become a major theme.

AXEEV® is an excellent commercial product, and we should continue to implement intellectual property strategies that leverage its related patents, including pre-mixtures and manufacturing methods. On the other hand, we must also discuss how to systematically develop next-generation commercial products. In addition, because the Fine Chemicals Business is performing extremely well, we will need to view this situation as a growth opportunity and make the right investment decisions based on capital efficiency and risks.



In any event, strategies that balance short-term perspectives with medium- to long-term ones will be key to the next Medium-Term Business Plan. The next Medium-Term Business Plan will need to clearly articulate pillars of growth. I believe that this year will be a key year for the formulation of the next Medium-Term Business Plan.

IKEDA: I feel the same way. Given that this year is the final year of the current Medium-Term Business Plan, we will need to position it as a time to return to the starting point and reformulate the next Medium-Term Business Plan.

I understand that commercial products such as EFFEEDA® and DISARTA® have been performing well in recent years, so I have high expectations for those products.

We also have next-generation agricultural chemicals in the form of microbial pesticides. Sales of a new microbial pesticide, ECOARK®, in Japan will begin in spring of this year. Microbial pesticides are a market that is expected to see significant growth going forward. Setting aside the question of whether they will immediately lead to significant business results, from a social perspective, I believe that microbial pesticides will become an essential agent in the future.



YAMANASHI: In terms of forward-looking discussion on how to grow the next pillar, I think that what you both are saying is correct. From a growth strategy perspective, Kumiai's outstanding human capital is its strength.

When I talk with researchers, they tell me that they do not expect to see immediate results from what they are currently working on, that perhaps a single bud will emerge years from now, but that they approach their day-to-day work with that hope. This has made me realize that this kind of mindset is where the sincere motivation that is unique to researchers comes from. While their on-site capabilities are outstanding, I also felt that we should articulate and communicate the intentions and motivations of our researchers more.

IKEDA: The development success rate for general agricultural chemicals is 1 in 160,000, but I have heard that Kumiai has a success rate of 1 in 7,500. While not all of those may be commercialized in the near future, this development success rate and speed that far exceed the industry average are Kumiai's true advantages. The efficiency of chemical discovery needs to be communicated more forcefully to the market and reflected in corporate value.

Disseminate Communications That Enable Two-way Interaction with the Agricultural Industry and That Capture the Attention of the Younger Generation

IKEDA: Finding ways to disseminate to stakeholders is also a challenge, isn't it? Agricultural chemicals contribute greatly to the world's food production. On the other hand, social perceptions of agricultural chemicals still contain biases, and there is a deep-rooted preference for organic agricultural products among consumers. How to overcome this dilemma is a major challenge for agricultural chemical manufacturers.

For this reason, initiatives to actively provide opportunities for young people to recognize the necessity of agricultural chemicals, such as the "Future of Food and Agriculture" essay competition for students, which will be held for the 14th time this year, and the "Group Discussions on Food Production" food education program for high school students that Kumiai began in FY2024, are, in my view, extremely important.

NISHIO: Rather than one-way communication in the form of press releases, I think that initiatives that allow for two-way communication, such as calling for essays and giving classes, are wonderful, and they should be continued.

IKEDA: Although these activities are modest, they will likely become a cornerstone of Kumiai's corporate value. I think that Kumiai should continue to engage with the younger generation in various ways.

YAMANASHI: The keyword of agriculture is actually a focus of attention from the younger generation today. There are even companies that are considering incorporating agriculture into their own organizations. My sense is that agriculture covers very broad ground, ranging from the environment to food self-sufficiency and regional revitalization. Kumiai's true strengths in its technological and development capabilities could, I believe, be applied and adapted in various ways.

Addressing Diverse Risks to Enhance Corporate Value

NISHIO: Risk management is an extremely important management foundation that underpins the sustainable growth of a company. "Foreign exchange risk," "expansion of generic products," "patent infringements," "changes in trade policies such as the Trump tariffs," and other factors are intricately intertwined, and the risks surrounding Kumiai's management are multilayered.

In agricultural markets, food demand is increasing due to the increase in the world's population, and ancillary to that, agricultural chemicals are seen worldwide as a growth market. On the other hand, from a long-term perspective, calls for regulations to reduce the use of chemical pesticides (risk-weighted use) under environmental protection frameworks are a limiting factor. As a future growth market, I think that responses to biological pesticides are one form of risk management. Kumiai is also investing in this area, and this will be a key point from a long-term perspective.

IKEDA: Given that overseas sales account for approximately 70% of total sales, geopolitical risks are also a factor, aren't they? When we consider the situation in the U.S., South America, and the Western hemisphere, I think that it would be a good idea to come up with measures that would turn this area into a strength. While this is a long-term issue, if we put our heads together, I believe that I, too, could make some contribution as a specialist in sociology.

YAMANASHI: I feel strongly that our ability to anticipate a wide range of factors beyond our control, such as prices, regulations, and international affairs, the speed of our initial responses, and our overall adaptability are being put to the test.

The handling of legal proceedings against patent infringements also differs completely from country to country. I think that the crucial question is whether we have options to address those differences.

NISHIO: Even when investments are made in research and development, outcomes are not immediately forthcoming. It can be difficult to see the value of businesses that have been nurtured over a long period of time. For this very reason, I think that the most important thing is to communicate continuously, in an easy-to-understand manner, what our goals are. To convey Kumiai's true strengths and future potential, as well as dialogue with stakeholders, encouraging every individual officer and employee to understand the strengths and directions of their own organization and to talk about them with confidence will, I believe, lead to the enhancement of corporate value.

Remaining a Company That Is Chosen by Society with the Aim of Becoming a 100-Year-Old Company

IKEDA: I am aware that my role is to contribute as much as possible to sustainability management. In that respect, I commend the steady progress that has been made in Kumiai's sustainability management in recent years. As I mentioned, efforts must be made going forward to communicate this to the outside world and to have it acknowledged by our diverse stakeholders.

This year marks the 77th anniversary of Kumiai, which was founded in 1949.As the centennial is in our sights, I intend to give consideration to what the company should look like beyond that. I hope to work with everyone to create a vision for the 100th year and beyond. I feel that this would have an impact on stakeholders.

YAMANASHI: Kumiai's strength lies in its outstanding human capital, exceptional development capabilities, and sincere corporate culture. While maintaining these advantages, it is also cultivating an enterprising spirit.

We are living in an era of uncertainty, when even the situation three years from now cannot be predicted. In such circumstances, it is crucial to bring diverse perspectives into management and to ensure that various discussions are conducted with a forward-looking approach. I hope that I can be of some assistance in this regard.

I also hope to be able to communicate to stakeholders a future in which Kumiai continues to grow.



NISHIO: As an Outside Director, I believe that my role is to contribute to the enhancement of Kumiai's corporate value from an external viewpoint and from medium- to long-term perspectives. In the Board of Directors, I have expressed my opinions frankly about strategies, investment proposals, and risk responses from management, financial, and global perspectives. I hope that my opinions will contribute to the further growth of the management team.

As both Director IKEDA and Director YAMANASHI have mentioned, Kumiai's strengths lie in its human capital, R&D capabilities, and sincere, tenacious corporate culture. Leveraging these strengths, I hope to move forward together with our stakeholders to ensure that Kumiai continues to be a company that is chosen by society. I hope that our stakeholders will watch over the process of Kumiai's transformation closely as it achieves further growth and that they will offer their support from medium- to long-term perspectives.

Executives (as of March 19, 2026)

Director



Representative Director, President

YOKOYAMA Masaru

April 1989	Joined the Company
August 2007	Managing Director of K-I CHEMICAL EUROPE SA/NV
January 2013	General Manager of Overseas Department
April 2013	General Manager of Overseas Marketing Department
February 2020	Executive Officer, General Manager of Corporate Planning & Coordination Department of Corporate Planning & Coordination Division
November 2021	Managing Executive Officer, Deputy Head of Corporate Planning & Coordination Division
January 2023	Director, Managing Executive Officer, Head of Corporate Planning & Coordination Division
November 2024	Representative Director, President (Current)

Board of Directors: 100% (11/11 meetings)
Nomination and Remuneration Committee: 100% (3/3 meetings)
YOKOYAMA Masaru has established a track record in the Overseas Marketing Department and Corporate Planning & Coordination Department of the Company and has been leading the overall management of our group as a Representative Director, President since November 2024. We have nominated him as a candidate for Director with the expectation that he will continue to leverage his experience and achievements to contribute to the management of our group, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Representative Director, Senior Managing Executive Officer

IMAI Katsuki

April 1991	Joined National Federation of Agricultural Cooperative Associations (“ZEN-NOH”)
April 2018	General Manager of Agrochemical A.I.s Development Section, Fertilizers and Agrochemicals Division, Main Office of ZEN-NOH
April 2019	General Manager of Agrochemicals Section, Crop Production Division, Main Office of ZEN-NOH
April 2021	Vice President of Agribusiness General Planning Division, Main Office of ZEN-NOH
April 2022	Auditor (part-time) of ZM Crop Protection Corporation
June 2022	Auditor (part-time) of Hokuren Cooperative Feed Mills Co., Ltd.
June 2022	Director of Hokkaido Regional Agricultural Research Institute
June 2022	Regional President of Corporate Planning Division, Main Office of ZEN-NOH
January 2025	Representative Director, Senior Managing Executive Officer, Head of Overseas Sales Division of the Company (Current)

Board of Directors: 100% (9/9 meetings)
IMAI Katsuki has established a track record at the National Federation of Agricultural Cooperative Associations in the Fertilizers and Agrochemicals Division and Agribusiness General Planning Division, and has been leading its Corporate Planning Division since 2022. We have nominated him as a candidate for Director with the expectation that he will leverage his experience and achievements to contribute to the management of our group, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Director, Senior Managing Executive Officer

YOSHIMURA Takumi

April 1981	Joined K-I CHEMICAL RESEACH INSTITUTE CO., LTD.
July 2008	Director of K-I CHEMICAL RESEACH INSTITUTE CO., LTD.
January 2013	General Manager of Corporate Planning & Coordination Department of the Company
January 2016	Corporate Officer, General Manager of Corporate Planning & Coordination Department
January 2017	Executive Officer, General Manager of Corporate Planning & Coordination Department
May 2017	Executive Officer, Deputy Head of Research & Development Division
February 2020	Executive Officer, General Manager of General & Personal Affairs Department of Corporate Planning & Coordination Division
January 2021	Managing Executive Officer, Deputy Head of Corporate Planning & Coordination Division
November 2021	Managing Executive Officer, Head of Corporate Planning & Coordination Division
January 2023	Director, Senior Managing Executive Officer (Current)

Board of Directors: 100% (11/11 meetings)
Nomination and Remuneration Committee: 100% (3/3 meetings)
YOSHIMURA Takumi has established a track record in the Research & Development Division and Corporate Planning & Coordination Division of the Company. Based on his experience and achievements, we believe that he is capable of further strengthening our management structure and have nominated him as a candidate for Director, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Director, Managing Executive Officer

IKAWA Teruhiko

April 1984	Joined Ihara Chemical Industry Co., Ltd. (“Ihara”)
January 2007	General Manager, Procurement Department of Production Division of Ihara
January 2010	General Manager, Procurement Department of Procurement Division of Ihara
January 2011	Director, General Manager of Procurement Department of Production & Procurement Division of Ihara
January 2012	Director, Head of Production & Procurement Division of Ihara
June 2012	Director, General Manager of Procurement Department of Ihara
July 2013	Director, Head of SCM Business Division of Ihara
January 2016	Executive Officer, Head of SCM Business Division of Ihara
May 2017	Director, General Manager of Chemical Sales Department of Chemical & Specialty Products Sales Division of the Company
January 2019	Director, Deputy Head of Production & Procurement Division
January 2021	Director, Managing Executive Officer, Head of Production & Procurement Division (Current)

Board of Directors: 100% (11/11 meetings)
IKAWA Teruhiko has led chemical product departments as an Executive Officer, Head of SCM Business Division at Ihara Chemical Industry Co., Ltd. In addition to this experience and track record, he continued to lead the Chemical & Specialty Products Sales Division and Production & Procurement Division as a Director of the Company following the business integration in May 2017. We have nominated him as a candidate for Director with the expectation that he will continue to leverage his experience and achievements to contribute to the management of our group, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.

Director



Director, Managing Executive Officer

YAMAJI Yoshihiro

April 1994	Joined the Company
May 2017	Section Manager of Planning & Coordination Section of Research & Development Planning Department
March 2020	General Manager of Corporate Strategy Office
May 2023	Director and President of K-I CHEMICAL U.S.A. INC.
November 2024	Managing Executive Officer, Head of Corporate Planning & Coordination Division of the Company
January 2025	Director, Managing Executive Officer, Head of Corporate Planning & Coordination Division of the Company (Current)

Board of Directors: 100% (9/9 meetings)
YAMAJI Yoshihiro has established a track record at the Company in the Research & Development Planning Department under the Research & Development Division as well as in the Corporate Planning & Coordination Division. In addition, based on his experience and track record as a corporate manager, we believe that he is capable of further strengthening our management structure and have nominated him as a candidate for Director, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Director, Managing Executive Officer

IWATA Kouichi

April 1990	Joined the Company
June 2015	General Manager of Tokyo Branch
February 2018	General Manager of Planning & Promotion Department
January 2019	General Manager of Marketing Department and Planning & Promotion Department
February 2020	General Manager of Marketing Department
January 2021	Executive Officer, General Manager of Marketing Department
January 2023	Managing Executive Officer, Head of Domestic Sales Division
January 2025	Director, Managing Executive Officer, Head of Domestic Sales Division (Current)

Board of Directors: 100% (9/9 meetings)
IWATA Kouichi has established a track record in the Domestic Sales Division of the Company. Based on his experience and achievements, we believe that he is capable of further strengthening our management structure and have nominated him as a candidate for Director, and he was appointed as a Director at the 76th Annual General Meeting of Shareholders.



Outside Director

NISHIO Tadahisa

April 1973	Joined Suzuyo & Co., Ltd. (“Suzuyo”)
November 2004	Executive Officer, General Manager of Container Terminal Department of Suzuyo
April 2005	Executive Officer, General Manager of Shipping & Bonded Warehouse Operations Department of Suzuyo
June 2006	Executive Officer, General Manager of Port Business Division of Suzuyo
November 2007	Managing Director, General Manager of Port Business Division of Suzuyo
November 2011	Senior Managing Director, General Manager of Port Business Division of Suzuyo
November 2014	Senior Managing Director of Suzuyo
January 2015	Director of Ihara Chemical Industry Co., Ltd.
November 2016	Representative Executive Vice President of Suzuyo
May 2017	Director of the Company (Current)
November 2025	Senior Corporate Adviser of Suzuyo (Current)

Board of Directors: 100% (11/11 meetings)
Nomination and Remuneration Committee: 100% (3/3 meetings)
We have nominated NISHIO Tadahisa as a candidate for Outside Director with the expectation that he will continue to leverage his long years of experience and broad knowledge as a corporate manager to contribute to the management of our group, and he was appointed as an Outside Director at the 76th Annual General Meeting of Shareholders.



Outside Director

YAMANASHI Chisato

April 2006	Joined Tokyo Style Co. Ltd. (currently TSI HOLDINGS CO., LTD.)
October 2008	Joined CRAYON Inc.
October 2017	Joined Sumitomo Realty & Development Co., Ltd.
October 2020	Director, Shizuoka Shell sekiyu hanbai k.k.
January 2023	Director of the Company (Current)
March 2023	Managing Director, Shizuoka Shell sekiyu hanbai k.k.
March 2025	Senior Managing Director, Shizuoka Shell sekiyu hanbai k.k. (Current)

Board of Directors: 100% (11/11 meetings)
Nomination and Remuneration Committee: 100% (3/3 meetings)
We have nominated YAMANASHI Chisato as a candidate for Outside Director, since we believe that she will leverage her experience and broad knowledge as a corporate manager at Shizuoka Shell sekiyu hanbai k.k. and is capable of further strengthening our management structure, and she was appointed as an Outside Director at the 76th Annual General Meeting of Shareholders.



Outside Director

IKEDA Kanji

April 2004	Professor, Faculty of Social Sciences and Graduate School of Public Policy, Hosei University
January 2016	Director of the Company (Current)
April 2023	Professor Emeritus of Hosei University (Current)

Board of Directors: 100% (11/11 meetings)
Nomination and Remuneration Committee: 100% (3/3 meetings)
We have nominated IKEDA Kanji as a candidate for Outside Director with the expectation that he will continue to leverage his experience and profound academic knowledge, which he developed over many years through environmental sociology research related to global agriculture as a university professor, to contribute to the management of our group, and he was appointed as an Outside Director at the 76th Annual General Meeting of Shareholders.

Executives (as of March 19, 2026)

Audit & Supervisory Board Members



Full-time Outside Audit & Supervisory Board Member

NAKAJIMA Takahiro

April 1989	Joined The Norinchukin Bank ("Norinchukin")
February 2004	Senior Manager of Credit and Alternative Investments Division of Norinchukin
July 2009	Senior Manager of Corporate Planning Division of Norinchukin
July 2010	Deputy General Manager of Corporate Planning Division of Norinchukin
June 2011	Seconded to JA Mitsui Leasing, Ltd. from Norinchukin
June 2013	General Manager of Osaka Branch of Norinchukin
June 2016	General Manager of Food & Agri Business Planning Division of Norinchukin
July 2017	Executive Officer, General Manager of Food & Agri Business Planning Division of Norinchukin
April 2018	Managing Executive Officer of Norinchukin
April 2020	Senior Executive Managing Officer of JA Mitsui Leasing, Ltd.
June 2020	Director, Senior Executive Managing Officer of JA Mitsui Leasing, Ltd.
January 2025	Advisor of JA Mitsui Leasing, Ltd.
January 2025	Full-time Audit & Supervisory Board Member of the Company (Current)

Board of Directors: 100% (9/9 meetings)
Audit & Supervisory Board: 100% (8/8 meetings)
We have nominated NAKAJIMA Takahiro as a candidate for Outside Audit & Supervisory Board Member, since we believe that he will apply his extensive experience and broad knowledge acquired at financial institutions to the Company's audit, and he was appointed as a substitute Outside Audit & Supervisory Board Member at the 76th Annual General Meeting of Shareholders.



Outside Audit & Supervisory Board Member

SUZUKI Tomitaka

April 1993	Joined National Federation of Agricultural Cooperative Associations ("ZEN-NOH")
April 2015	General Manager of Packaging Materials Section, Agricultural Materials and Machinery Division, Main Office of ZEN-NOH
April 2019	General Manager of General Administration Section, Crop Production Division, Main Office of ZEN-NOH
April 2021	Vice President of Crop Production Division, Main Office of ZEN-NOH
January 2025	President of Agribusiness General Planning Division of ZEN-NOH (Current)
January 2025	Audit & Supervisory Board Member of the Company (Current)

Board of Directors: 100% (9/9 meetings)
Audit & Supervisory Board: 100% (8/8 meetings)
We have nominated SUZUKI Tomitaka as a candidate for Outside Audit & Supervisory Board Member, since we believe that he will apply his long years of experience and broad knowledge acquired at the National Federation of Agricultural Cooperative Associations to the Company's audit, and he was appointed as a substitute Outside Audit & Supervisory Board Member at the 76th Annual General Meeting of Shareholders.



Outside Audit & Supervisory Board Member

SUKEGAWA Ryuji

April 1978	Joined National Mutual Insurance Federation of Agricultural Cooperatives ("ZENKYOREN")
April 2005	President of System Development Division, National Headquarters of ZENKYOREN
April 2006	President of IT Planning Division, National Headquarters of ZENKYOREN
August 2008	President of Corporate Planning Division, National Headquarters of ZENKYOREN
April 2010	President of Public Relations Division, National Headquarters of ZENKYOREN
August 2010	Representative Director, Senior Executive Vice President of Chuo Computer Systems Co., Ltd.
June 2013	Representative Director, President of Chuo Computer Systems Co., Ltd.
July 2015	Executive Vice President of ZENKYOREN
July 2016	Senior Executive Vice President of ZENKYOREN
June 2017	President of The Kyoei Fire and Marine Insurance Company, Limited ("Kyoeikasai")
January 2021	Audit & Supervisory Board Member of the Company (Current)
June 2021	Executive Advisor of Kyoeikasai

Board of Directors: 100% (11/11 meetings)
Audit & Supervisory Board: 100% (13/13 meetings)
We have nominated SUKEGAWA Ryuji as a candidate for Outside Audit & Supervisory Board Member, since we believe that he will apply his extensive experience and broad knowledge acquired at financial institutions and his long years of experience and broad knowledge as a corporate manager in Kyoeikasai to the Company's audit, and he was appointed as an Outside Audit & Supervisory Board Member at the 75th Annual General Meeting of Shareholders.



Outside Audit & Supervisory Board Member

SHIRATORI Miwako

April 2005	Joined FUYOU AUDIT CORPORATION
August 2010	President of Miwako CPA Firm (Current)
April 2014	Representative Partner of Shizuoka Mirai Tax Corporation (Current)
May 2017	Audit & Supervisory Board Member of the Company (Current)

Board of Directors: 100% (11/11 meetings)
Audit & Supervisory Board: 100% (13/13 meetings)
We have nominated SHIRATORI Miwako as a candidate for Outside Audit & Supervisory Board Member, since we believe that she will apply her extensive experience and broad knowledge as a certified public accountant and tax accountant to the Company's audit, and she was appointed as an Outside Audit & Supervisory Board Member at the 75th Annual General Meeting of Shareholders.

Skills Matrix: Skills, Roles, Expertise and Experience Expected by the Board of Directors

Expected items: ●

		Corporate management	ESG / Sustainability	Legal affairs / Compliance / Risk management	Financial strategy / Capital strategy	Global experience	R&D / Technologies
Directors	YOKOYAMA Masaru	●	●	●	●	●	
	IMAI Katsuki	●				●	●
	YOSHIMURA Takumi		●	●			●
	IKAWA Teruhiko		●			●	●
	YAMAJI Yoshihiro	●			●	●	
	IWATA Kouichi		●	●			●
	NISHIO Tadahisa	●			●	●	
	IKEDA Kanji		●	●		●	
	YAMANASHI Chisato	●	●	●			
Audit & Supervisory Board Members	NAKAJIMA Takahiro	●		●	●		
	SUZUKI Tomitaka		●		●		●
	SUKEGAWA Ryuji	●		●	●		
	SHIRATORI Miwako		●	●	●		

Skills We Prioritize and the Reasons

When selecting Directors, we identify the skills, expertise, and experience necessary for management and business promotion, and select human capital meeting these criteria. Corporate management as well as financial strategy and capital strategy are elements that form the basis of management, and ESG and sustainability as well as legal affairs, compliance, and risk management are elements essential to stable business execution and the fulfillment of corporate social responsibility. Therefore, we place greater emphasis on these skills.

Meanwhile, our consolidated group's overseas sales ratio has exceeded 50%. In addition, since our foundation, we have been working to expand business through new products and technology research and development as an R&D-oriented company. For us, global operations and technology/research are essential elements for our future business expansion, so we ensure a balanced allocation of these skills.

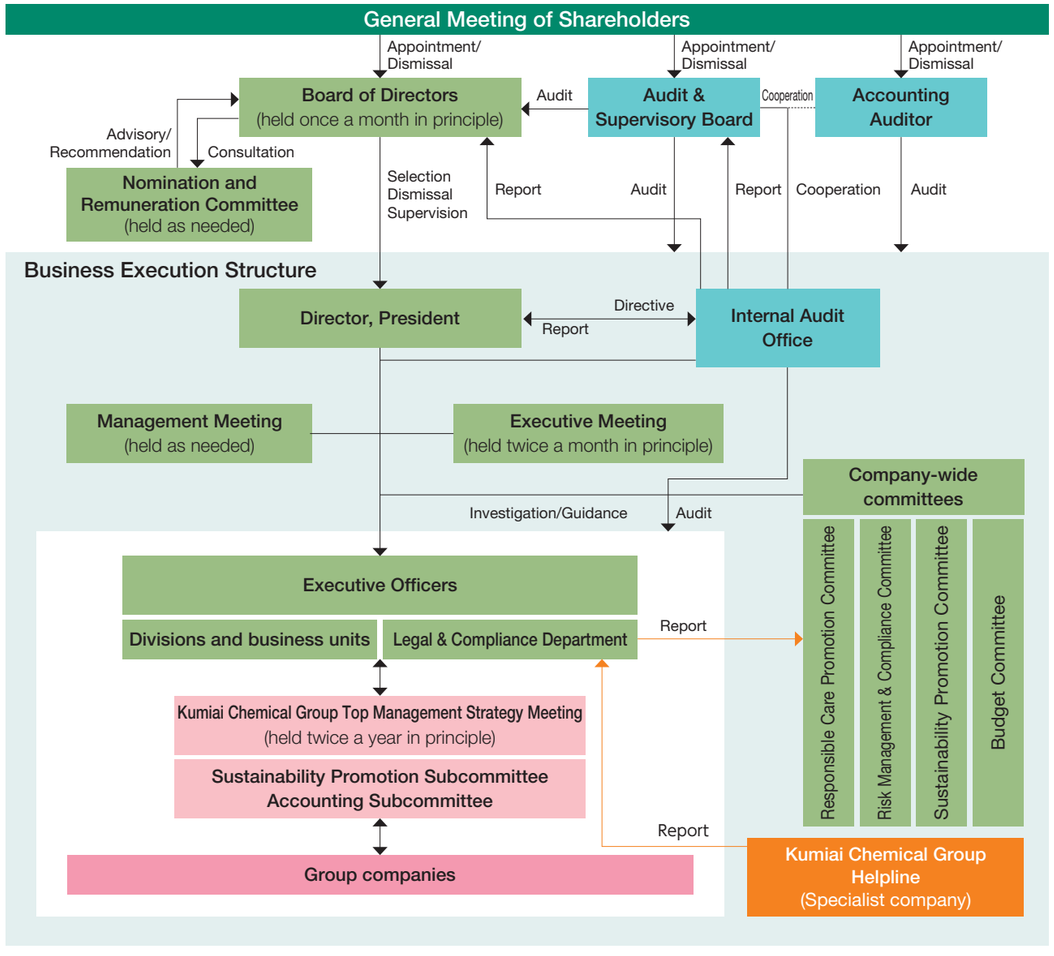
Basic Approach

It is our aim to use creative science to contribute to a safe, secure, and prosperous society in harmony with our overriding theme of “Protecting and fostering life and nature.” Based on this corporate philosophy, we are endeavoring to develop and provide products that meet the needs of our customers and earn their trust.

Our group places priority on establishing a system that will allow us to swiftly adapt to changes in the management environment, and improving the management administration system in order to comply with laws, regulations, and ethics from the perspective of our shareholders, and to improve management transparency.

Regarding our relationships with stakeholders, we define the actions that each of us should take and matters that must be complied with in the management vision and the Kumiai Chemical Code of Conduct. We are working to establish a corporate culture imbued with respect for the interests of stakeholders.

Corporate Governance Framework



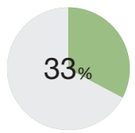
Corporate Governance Framework

We have adopted an Audit & Supervisory Board as the corporate governance framework.

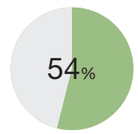
We have established a Board of Directors, Management Meetings, and Executive Meetings, and employ a corporate governance framework based on their respective decisions and discussions. We established the roles of the Board of Directors, focusing on decision-making related to management policies and supervision of business execution, in order to clarify the different responsibilities of management functions and business execution, and to enhance business execution functions and speed up the decision-making process.

We are working to strengthen the auditing function of business execution by having a full-time Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member) attend the Board of Directors, the Management Meetings, Executive Meetings, and other important internal meetings. The Board of Directors, Management Meetings, and Executive Meetings operate within the scope of their respective criteria based on internal regulations for making decisions, and we have determined that the system is functioning properly as a management check function, including the execution of business based on the decisions made.

Ratio of Outside Directors



Ratio of Outside Officers (Directors and Audit & Supervisory Board Members)



Ratio of Female Officers



Board of Directors

The Board of Directors is chaired by the Representative Director, President, and comprises nine Directors (including three Outside Directors), and meetings are generally held once a month where important management matters are determined, and business execution is supervised. Outside Audit & Supervisory Board Members also attend Board of Directors meetings to strengthen management check functions, and they express their opinions.

To reduce information asymmetry among the members attending the Board of Directors meetings, we set aside time at each Board of Directors meeting to report on recent developments and share information on matters discussed at Executive Meetings, Management Meetings, and other important internal meetings held after the last Board of Directors meeting, as well as on major events. In addition, the Board of Directors generally meets once a year at one of our offices or subsidiaries, where they also conduct a site visit.

Number of meetings held in FY2025 : 11

Main agenda items: Financial results; matters to be discussed at the General Meeting of Shareholders; matters related to shares; matters related to financial results; matters related to M&A; setting policies for the Medium-Term Business Plan; progress in sustainability management; countermeasures against AXEEV® generics; impairment losses at group companies; reports on recent developments to Outside Officers; and other matters.

Comments from the Chairman of the Board of Directors

I assumed the role of Chairman of the Board of Directors in November 2024. I believe that the Board of Directors should not limit itself to supervising the business execution, but should also engage in lively discussions regarding management and business strategies aimed at realizing our group’s Ultimate Goals, with the goal of enhancing corporate value over the medium to long term. Enhancing the performance of the Board of Directors requires a continuous cycle of improvement through evaluating and analyzing its effectiveness and appropriately addressing the issues identified. We have consistently reviewed our meeting structure. Since 2020, we have increased the proportion of Outside Directors, introduced a stock remuneration plan, and established the Nomination and Remuneration Committee with a majority of Outside Directors. In order to facilitate comprehensive and effective discussions, it is equally important to stimulate dialogue in addition to refining the meeting structure. To this end, we have implemented measures such as reducing information gaps between full-time and part-time officers and setting appropriate agenda items.

Going forward, we will continue to enhance the Board of Directors’ effectiveness and actively engage in dialogue with management. Through these efforts, I will fulfill my responsibilities as Chairman of the Board of Directors and make every effort to enhance corporate value.



YOKOYAMA Masaru
Chairman, Board of Directors

	Issues identified	Major initiatives
2021	Number of Directors	18 or fewer ⇒ 9 or fewer
	Ratio of Outside Directors	1/4 (4 of 16) ⇒ 1/3 (3 of 9)
	Nomination and Remuneration Committee	Established a Nomination and Remuneration Committee with a majority of Outside Directors
	Stock remuneration plan	Introduced a restricted stock remuneration plan as a stock remuneration plan
2023	Appropriate composition of the Board of Directors	Appointed a female Director in January 2023
2024	Effectiveness of the Nomination and Remuneration Committee	Appointed an Independent Outside Director as Committee Chair

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is placed under the Board of Directors, chaired by an Independent Outside Director and comprises five Directors (including three Outside Directors). At the consultation of the Board of Directors, it deliberates on matters concerning the nomination and remuneration of Directors and submits its recommendations to the Board. This process strengthens the independence, objectivity, and accountability of the Board of Directors with respect to the nomination and remuneration of Directors. The Committee also discusses the qualities, skills, and other attributes required of successors as part of succession planning.

Number of meetings held in FY2025 : 3

Comments from the Chair of the Nomination and Remuneration Committee

We established a voluntary Nomination and Remuneration Committee in 2021. I have served as a member of the Committee since its inception and assumed the position of Committee Chair in 2024. All members of the Committee share a common understanding of its purpose—to further enhance the independence and objectivity of the Board of Directors' functions—and engage in thorough discussions on each agenda item before submitting recommendations to the Board of Directors.

The Committee uses the most recent business performance as the main indicator in determining Directors' remuneration. It also shares and discusses information on the results of our proactive efforts to reduce greenhouse gas (GHG) emissions, as well as our initiatives and achievements in the areas of anti-corruption, human rights, and decent work. When nominating candidates for Director and selecting and nominating successors, the Committee shares and discusses information on each candidate's background, skills, and personal attributes. Recognizing that the requirements for candidates are not fixed and may evolve over time, it holds ongoing discussions regarding the medium-term succession plan. Through these discussions, it is developing the next generation of successors and preparing for their eventual selection.

Approximately five years have passed since the establishment of the Committee. As a consultation body to the Board of Directors, the Committee will continue to deepen its discussions and strive to fully fulfill its functions and mission.



NISHIO Tadahisa

Committee Chair, Nomination and Remuneration Committee

Management Meeting

Management Meetings are chaired by the Representative Director, President, and are attended by full-time Directors and Managing Executive Officers. These are held as needed for discussing important management strategies and business operations. A full-time Audit & Supervisory Board Member also attends these meetings.

Number of meetings held in FY2025 : 14

Main agenda items: Countermeasures against AXEEV® generics; analysis of management issues; capital investment; and other matters.

Executive Meeting

Executive Meetings are chaired by the Representative Director, President, and are attended by full-time Directors and Executive Officers. In principle, these are held twice a month for making decisions related to business operations. A full-time Audit & Supervisory Board Member also attends these meetings, and the President of RIKENGREEN, President of K-I CHEMICAL INDUSTRY, and President of K-I CHEMICAL U.S.A. attend these meetings as observers.

Number of meetings held in FY2025 : 19

Main agenda items: Matters to be submitted to the Board of Directors; important matters related to the medium- to long-term business plan; countermeasures against AXEEV® generics; organizational restructuring; product launching-related matters; important personnel matters; and other matters.

Audit & Supervisory Board

The Audit & Supervisory Board is chaired by a full-time Audit & Supervisory Board Member and is comprised of four Outside Audit & Supervisory Board Members. Meetings are held, in principle, at least quarterly. The members perform audits on the fulfillment of duties by Directors from an independent perspective based on audit policies and the audit plan established by the Audit & Supervisory Board.

Number of meetings held in FY2025 : 13

Main agenda items: Audit plans; the Audit & Supervisory Board's audit report; consent to proposals for electing Audit & Supervisory Board Members; selection of full-time Audit & Supervisory Board Members; selection of an Accounting Auditor candidate; consent to the remuneration of the Accounting Auditor; and other matters.

Comments from the Chairman of the Audit & Supervisory Board

As an independent body entrusted by shareholders, the Audit & Supervisory Board monitors and verifies the execution of duties by Directors to contribute to the sustainable growth of our group and the enhancement of its medium- to long-term corporate value.

Amid ongoing changes in the social environment and increasingly unpredictable events, the importance of corporate governance has never been greater. We therefore strive to conduct rigorous audits, focusing not only on compliance with laws and regulations, but also on the appropriateness of management's decision-making processes and the effectiveness of internal control systems.

To achieve this, we work closely with the Accounting Auditor and the Internal Audit Office and conduct audits of each department, including factories and affiliated companies, approximately 30 times a year in order to gain a clear understanding of actual conditions. In addition, through direct dialogue with Directors and employees in the course of audits and day-to-day activities, we provide observations and advice to relevant parties and Directors, while also working to identify and prevent management risks at an early stage.

Our mission is to meet the expectations of our shareholders and maintain and strengthen a sound corporate structure that earns society's trust. To continue fulfilling our duties and contributing to our further development, we exercise our check-and-balance function over management, supporting bold and timely management decision-making through verification and analysis of the appropriateness of management processes.



NAKAJIMA Takahiro

Chairman, Audit & Supervisory Board

Evaluating the Effectiveness of the Board of Directors

Overview of the Evaluation

We analyze and evaluate the effectiveness of the Board of Directors once a year in order to improve its functions.

In the fiscal year ended October 2025, we conducted a survey for all Directors and Audit & Supervisory Board Members, which was supervised by an outside consultancy. The results were discussed at the Board of Directors, and then the effectiveness of the Board of Directors was analyzed and evaluated. We confirmed that the Board of Directors is operating properly and is effective.

Going forward, while continuing the current initiatives, we will set priorities for the current fiscal year based on the issues identified in the evaluation. In doing so, we will consider the roles of the Board of Directors, including deepening discussions on management strategies and human capital as a foundation, and formulate and implement action plans.

Successor Selection Process

The Nomination and Remuneration Committee, the majority of which is composed of Outside Directors, deliberates on the succession plan. In this process, the Committee discusses the specific requirements for the position of Representative Director, President, selects candidates who meet those criteria, and makes recommendations to the Board of Directors.

Remuneration for Directors

The remuneration system is designed to function as an incentive for Directors to continuously improve our corporate value. Remuneration for Directors include monetary reward and non-monetary reward (transfer restricted stock remuneration). Transfer restricted stock remuneration is given to Directors who are not Outside Directors.

Monetary reward for each Director (excluding Outside Directors) is determined based on a comprehensive consideration of their position, responsibilities, contribution to management, and consolidated performance. We also take into account its performance in reducing GHG emissions, as well as its efforts and achievements in areas such as human rights, labor rights, and anti-corruption, when determining monetary reward. At the request of the Board of Directors, the Nomination and Remuneration Committee, chaired by an Outside Director and comprised mostly of Outside Directors, deliberates on Directors' remuneration. The Committee then prepares the proposed ranges of increases or decreases in monetary rewards relative to the previous fiscal year and submits them to the Board of Directors. The Board of Directors deliberates and decides on the proposed ranges, and then the Director, President, selected by the Board of Directors, determines the individual rates of increase or decrease for each Director within those ranges.

Transfer restricted stock remuneration for Directors (excluding Outside Directors) is set to a certain percentage of monetary reward, serving as an incentive to enhance long-term corporate value. The Board of Directors consults with the Nomination and Remuneration Committee on the number of shares to be granted for each position and role. Based on this consultation, the Committee discusses and submits a proposal to the Board of Directors, and the Board of Directors then deliberates and makes a decision.

Compliance

Basic Policy on Compliance

Based on the Kumiai Chemical Group Basic Policy on Compliance, we promote and raise awareness of compliance by providing constant compliance education and awareness-raising activities to foster a corporate culture that enables officers and employees to act in accordance with our corporate philosophy and Code of Conduct.

To ensure that every officer and employee acts in accordance with our corporate philosophy and Code of Conduct and demonstrates correct behavior, we have established a set of guidelines, the Kumiai Chemical Ethical Standards, which are also included in the booklet and inculcated in our group.

Compliance System

We have the Risk Management & Compliance Committee (comprising full-time Directors and Executive Officers), chaired by the Representative Director, President. The Committee meets once a year and additionally whenever necessary. It deliberates on and approves the implementation plan of the compliance program formulated by each department, and monitors their implementation status. Furthermore, the results of compliance awareness surveys, compliance promotion activities, anti-bribery measures, and human rights issues are discussed.

In addition, we have established an internal reporting desk to verify facts and take corrective measures through an independent investigation system. The results are reported to the Risk Management & Compliance Committee.

Enhancing Internal Controls through Mutual Monitoring

Our group performs mutual monitoring and control within business divisions and within departments from the perspective of compliance and internal control.

To prevent misconduct and mistakes by individuals, we conduct routine three-way monitoring at each workplace, including ❶ daily monitoring by supervisors, ❷ cross-monitoring among colleagues in the workplace, and ❸ sharing individual awareness with superiors and seniors. This routine monitoring is the first line of defense. We have also added monitoring that is handled by management divisions and internal audits to increase the effectiveness of internal control.

There could be cases where a certain custom in a company is actually a law violation without it being recognized as misconduct. Therefore, speaking up when something seems wrong is consistent with our Code of Conduct, “Acting with Integrity.” We emphasize integrity and strive to enhance the effectiveness of internal controls by promptly addressing misconduct or mistakes.



Compliance Awareness Survey

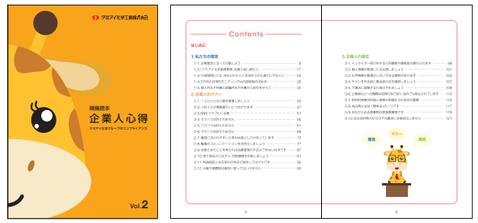
Our group conducts a periodic compliance awareness survey covering all employees. The FY2023 survey confirmed that the overall level of employee awareness remains very high. On the other hand, generational differences in awareness regarding harassment and lack of communication in the workplace were identified as issues.

Compliance Education

We conduct compliance training for new graduate hires and mid-career hires. In addition, we introduced a mandatory e-learning course for all officers and employees to promote the acquisition of a broad range of knowledge, including compliance, harassment, and corporate ethics.

To foster a corporate culture rooted in compliance, we produced booklets on compliance, sustainability, and the concept of belonging, as well as cartoon-illustrated CSR guidebooks, “Introduction to CSR for Business persons” and “Introduction to CSR for Business persons Part 2.”

By distributing these materials to all officers and employees of our group and encouraging their use, we are raising the level of awareness throughout our group.



Booklet on compliance

Distribution of a Compliance Newsletter

As part of our compliance promotion activities, we distribute the Kumiai Chemical Group Compliance Newsletter and Newsletter Plus to all officers and employees of our group each month.

In FY2025, an extra issue of Compliance Newsletter Plus featured commentary articles on “Anonymous and Fluid Criminal Groups,” “Preventing Sexual Harassment: The Role of Active Bystanders,” and “Slavery Footprint.”



Compliance Newsletter

Anti-Bribery and Corruption Initiatives

We have established the Kumiai Chemical Group Basic Policy on Preventing Bribery and Corruption and are committed to preventing bribery and corruption.

For overseas transactions, we have established the Guidelines on the Provision of Benefits and the Expense of Coverage for Foreign Public Officials and the Guidelines on the Appointment of Agents. The Risk Management & Compliance Committee ensures that these guidelines are properly implemented.

Declaration of Partnership Building

We announced the Declaration of Partnership Building in September 2024. To achieve sustainable growth, we will expand our business domains and promote new businesses through collaboration with new partners, while at the same time leveraging our group’s technologies and expertise to contribute to the conservation of the global environment. We are also committed to shifting our payments to cash and electronically recorded monetary claims in preparation for the abolition of promissory notes, and to ensuring fair working conditions based on the Basic Policy on Human Capital Management.

Awareness-Raising Activities

We conduct awareness-raising activities to communicate accurate knowledge of agricultural chemicals and deepen understanding of agriculture among stakeholders and the general public. As part of these efforts, we have created a series of brochures on agricultural chemicals used for crops. These brochures use manga to clearly explain the importance of agricultural chemicals and the challenges faced by producers. In FY2025, we produced a brochure on cabbages and tea and published it on our corporate website.



Brochure on cabbage and tea

Risk Management

Basic Policy on Risk Management

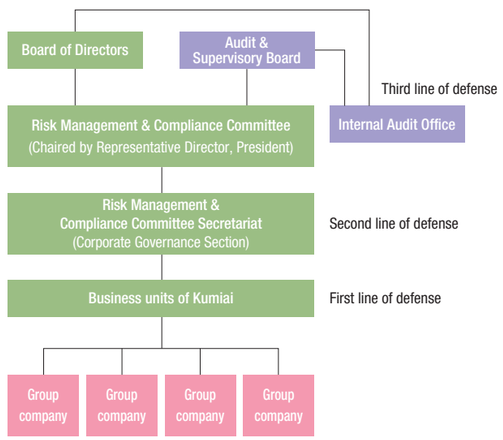
Our group believes that risk management is the key to internal control. In order to gain the trust of stakeholders, achieve continuous growth, and fulfill our social responsibility as a company, we recognize the importance of proper risk management. Under the Kumiai Chemical Group Basic Policy on Risk Management, we endeavor to foster a risk culture through continuous engagement in risk management.

Risk Management System

We have established the Risk Management & Compliance Committee (comprising full-time Directors and Executive Officers), chaired by the Representative Director, President to review and deliberate on risk management. The Committee meets once a year and additionally whenever necessary. It manages risks by consolidating company-wide, cross-organizational, and department-specific risks, discussing countermeasures, and compiling and sharing the results. Risk management information is also shared with group companies, and the Risk Management & Compliance Committee monitors the status of their initiatives in order to strengthen risk management across the entire group.

To ensure the proper development and operation of the internal control system, including at group companies, we conduct control activities based on risk assessments and maintain operational manuals. Furthermore, the internal audit division conducts audits of the overall operations of group companies and, as part of these operational audits, monitors the operation of the internal control system.

Kumiai Chemical Group's Risk Management System



Risk Assessment and Monitoring

We conduct due diligence on new businesses and project candidates and perform various risk assessments. At each office, we manage risks related to process safety, equipment safety, occupational health and safety, and environmental impact at every stage, from R&D of new processes through prototyping, plant design, construction, operation, management, and disposal. Specific management items and procedures are set forth in internal documents. Before undertaking business activities, personnel from both the production and research divisions conduct comprehensive risk assessments, with external experts involved as necessary.

Operational risks within the supply chain are regularly assessed through supplier questionnaires and other measures. To mitigate these risks, we promote activities in accordance with the Basic Policy on CSR Procurement and CSR Procurement Guidelines.

Risks and Countermeasures

We have identified "decrease in net sales of agricultural chemicals overseas" and "sudden exchange rate fluctuations" as significant risks. To address these risks, we have established a system for identifying changes in the market environment at an early stage, including through close communication with our overseas suppliers and partners. With regard to the "decrease in net sales of agricultural chemicals overseas," we recognize a decline in sales due to competition from generic products as a particularly significant risk. Accordingly, we are implementing countermeasures in sales and technology, as well as measures to address intellectual property infringement.

Information on our business risks, including those related to information security, is available on our corporate website.

Risks
https://www.kumiai-chem.co.jp/english/sustainability/governance/risk_management/

Fostering a Risk Culture

To foster and embed a risk culture, our group has produced a booklet on risk management for business persons. In FY2025, we released the second edition, which incorporates new chapters: "Learning from Failure and Evolving" and "Risks to Avoid and Risks to Take." This edition has been distributed to all officers and employees of our group.



Booklet on risk management

Major Risks and Countermeasures by Our Group

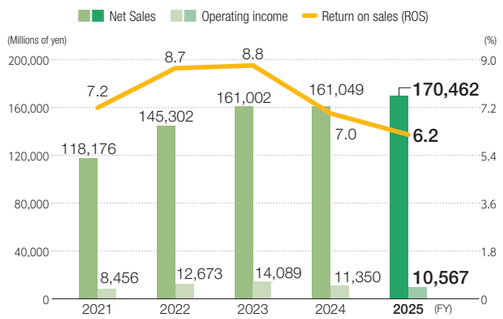
	Major risks		Overview of risk	Overview of countermeasure
1	Agricultural Chemicals and Agriculture-Related Business	Japan	Decrease in net sales in comprises Japan due to various external environmental factors (weather, competitive products, laws and regulations)	Proactively collecting information about changes of external environment and timely response to tightening laws and regulations
		Outside Japan	Decrease in net sales due to changes in the agricultural chemical market (weather, grain prices, crop acreage, resistance development, competitive products, generic products, laws and regulations, tariff policies)	Early identification of changes in the market environment through cooperation with sales partners in each country and overseas subsidiaries and implementation of measures to maintain sales
2	Fine Chemicals Business		Decrease in net sales due to supply-demand imbalances in the market and a drop in demand for end products, and decreased sales volume due to specification changes	Working with sales partners to respond quickly to changing needs, stable procurement through procurement from multiple sources, and promotion of market and application development
3	Other businesses		Increased costs in the construction and logistics businesses, a decline in trust and sluggish business due to serious accidents, and a shortage of human capital Decrease in net sales in the bio-related business due to changes in the external environment	Collecting accurate and relevant information about changes in the external environment, hiring and training human capital with the skills and experience to respond to those changes, and improving the workplace environment Identifying market trends and expanding into new business areas
4	Developing new products		It takes much time to develop agricultural chemicals, so loss of sales opportunities resulting from revisions to laws and regulations in each country and changes in the market environment, impacts development success	Quickly and accurately grasping regulatory trends and market trends in each country, including revisions to laws, and responding to them
5	Exchange rate fluctuation		Decrease in net sales and increase in procurement cost due to sudden exchange rate fluctuations	Creating a management plan that incorporates unification of currencies in sales and procurement, forward exchange contracts and impact of exchange rate fluctuations
6	Compliance and changes of laws and regulations		Costs incurred in responding to serious non-compliance cases and loss of customer trust Increase in costs for responding to changes in laws and tightening of regulations in each country related to the handling of chemical substances	Conducting periodic compliance awareness surveys, promoting compliance awareness activities, and ensuring proper operation of the internal reporting system Collecting information on revisions of environment-related laws and regulations and responding to revisions, and making investments to prevent environmental accidents
7	Product quality		Problems with product quality due to unexpected quality issues, defects, incidents	Continuous quality improvement through corrective measures and improvement initiatives, and rigorous quality management through ISO 9001 certification
8	Production and procurement of raw materials		Insufficient supply of raw materials, delays and suspension of manufacturing, and an increase in procurements costs due to trouble or incidents at suppliers or production facilities of our group, laws and regulations in particular countries where operations are located, geopolitical risks, etc.	Ensuring inventory by ordering raw materials early, arranging substitutes, diversifying supply sources for important raw materials, and maintaining production functions through systematic renewal of facilities
9	Securing and training of human capital		Impact on operating results and financial position due to inability to secure and train human capital as expected	Clarification of requirements for human capital, systematic and efficient acquisition of human capital, and enhancement of work-life balance
10	Impaired asset accounting application		Worsening financial situation due to impairment loss as the value of group business assets declines	Accurate understanding of the operating conditions of each Group company, and sharing of the progress of important projects and issues
11	Intellectual property		Decrease in net sales or leakage of technology and know-how due to infringement of our intellectual property Compensation for infringement of intellectual property rights of other companies Impact on sales and profit due to launch of generic products	Establishing a patent network for substances, manufacturing methods, intermediates, intended use, formulations, and usage methods Monitoring patent applications by other companies and the application examination status Response to infringement of intellectual property rights, including legal action
12	Information security		System outages due to cyberattacks or other unintentional incidents, leakage of confidential information	Reinforcing information security education and developing a response system in the event of occurrence of an incident
13	Human rights		Decline in public trust or suspension of transactions in the event of a human rights issue occurring in our group's supply chain	Conducting a survey of major suppliers based on the guidelines, and promoting human rights-related training and awareness-raising activities
14	Digital transformation		Loss of new market opportunities and stagnation in business transformation and development capabilities due to delays in digital transformation and ineffective use of digital technologies	Developing IT infrastructure, securing and training digital talent, and establishing and maintaining in-house systems; promoting research and development and enhancing productivity by leveraging new technologies such as AI
15	Climate change / biodiversity / natural capital		Increase in costs for responding to stricter greenhouse gas (GHG) emission regulations, and decrease in agricultural land area and crop yields due to climate change Increase in costs and business instability due to biodiversity loss and depletion of natural capital	Identifying and responding to trends in laws and regulations in each country, making capital investment to reduce GHG emissions, developing products and technologies, and promoting information disclosure via TCFD, TNFD, and other frameworks Appropriately managing water resources and waste, promoting low environmental impact products, creating biotopes, and conserving forests
16	Natural disasters and infectious disease		Suspension of operations at business sites and disruptions to supply chains due to sudden large-scale natural disasters and pandemics caused by novel infectious diseases	Regular drills and BCP updates at each office, diversification of outsourcing partners and raw material suppliers, and distribution of inventory across multiple locations

Data Highlights

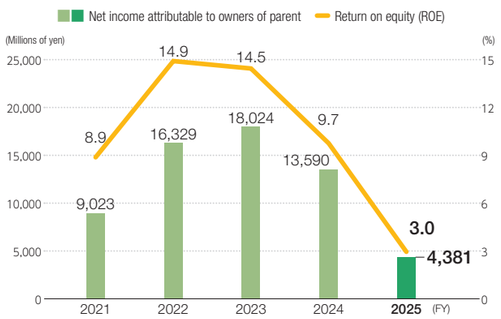
Earnings

Net sales in FY2025 were on par with the previous year, marking the 15th consecutive year of revenue increase, but operating income has decreased. In addition, return on sales (ROS) and return on equity (ROE) for FY2025 were only 6.2% and 3.0%, respectively, compared to targets of 8.5% or more and 11.0% or more.

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



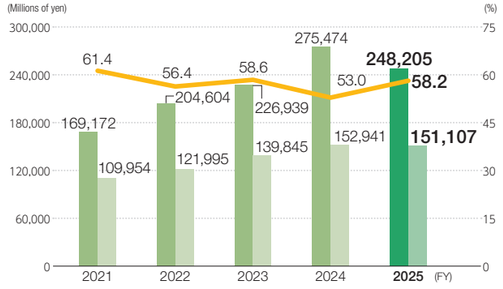
Net Income Attributable to Owners of Parent / Return on Equity (ROE)



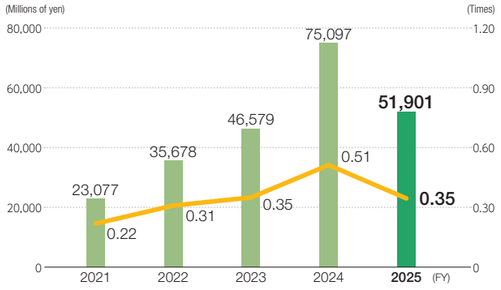
Assets and Financing

As a result of the implementation of strategic cash conversion cycle (CCC) improvement measures, inventories and interest-bearing liabilities, which increased temporarily in FY2024 due to the effect of global inventory adjustments of agricultural chemicals, have returned to appropriate levels.

Total Assets / Net Assets / Equity Ratio



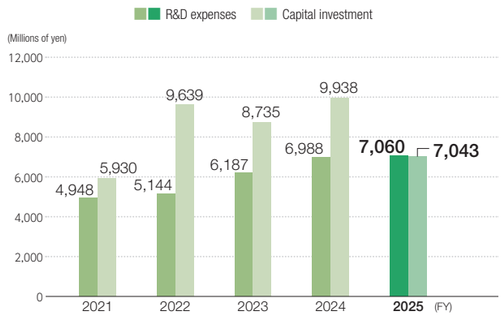
Interest-Bearing Liabilities / D/E Ratio



Investments

We constructed new factory plants and conducted the development of Institutes. We are also vigorously investing in R&D to develop new products.

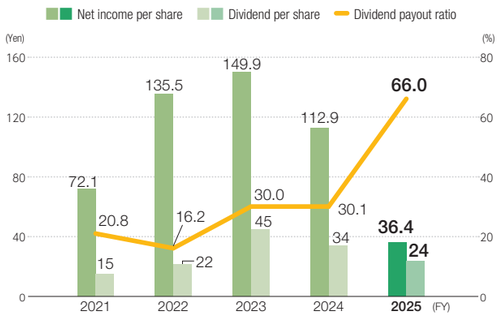
R&D Expenses / Capital Investments



Shareholder Returns

We are implementing based on the policy of “achieving a stable dividend payout ratio of 30% or more” set in the current Medium-Term Business Plan.

Net Income per Share / Dividend per Share / Dividend Payout Ratio

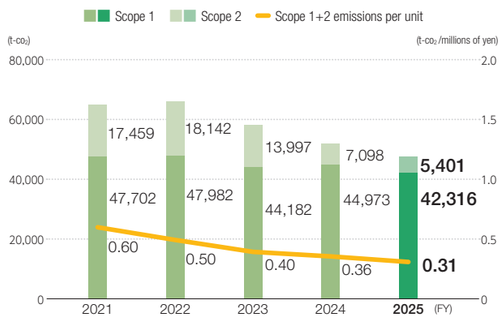


Environmental Impact

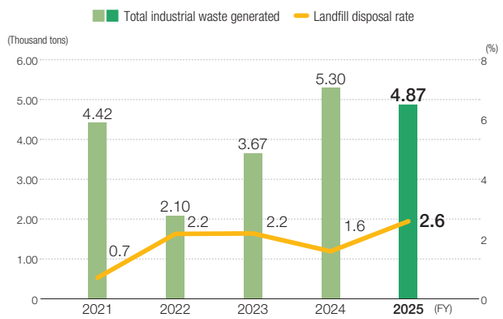
Although net sales for FY2025 were approximately 65% higher than for FY2019, greenhouse gas (GHG) emissions decreased approximately 29% compared to FY2019 levels (67,009t-CO_2) and at this point, we are on track to achieve our numerical target for FY2030.

(Note) The target is to achieve 30% reductions in Scope 1 and 2 GHG emissions from seven group companies by FY2030 compared to FY2019.

GHG Emissions (Scope 1+2) / GHG Emission Rate (Emissions/Sales)*1



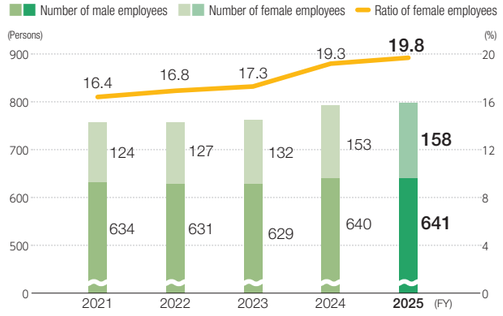
Total Industrial Waste Generated / Landfill Disposal Rate*2



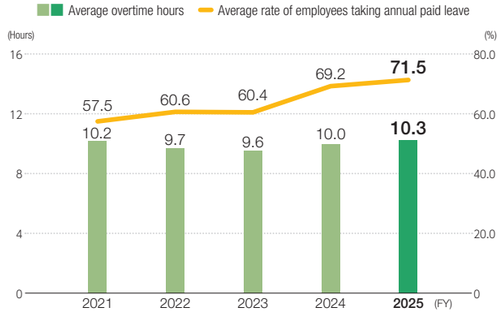
Vision for the Human Capital Strategy

In accordance with the Kumiai Chemical Group Basic Policy on Human Capital Management, we are promoting diversity and inclusion and work-life balance as mentioned in the vision for the human capital strategy of the Medium-Term Business Plan.

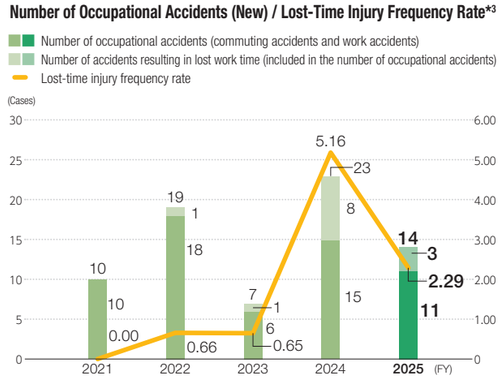
Number of Employees (Male/Female) / Ratio of Female Employees*2



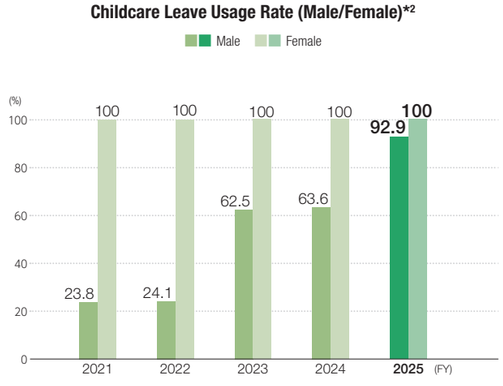
Average Overtime Hours (per Month) / Average rate of employees taking annual paid leave*2



Number of Occupational Accidents (New) / Lost-Time Injury Frequency Rate*3



Childcare Leave Usage Rate (Male/Female)*2



*1: Seven group companies (KUMIAI CHEMICAL, RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, and KUMIKA LOGISTICS)
*2: KUMIAI CHEMICAL only
*3: Direct employees of KUMIAI CHEMICAL only

Financial Data

	(Unit)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Operating Results											
Net sales*1	Millions of yen	62,549	77,817	96,846	103,400	107,280	118,176	145,302	161,002	161,049	170,462
Agricultural Chemicals and Agriculture-Related Business	Millions of yen	58,167	60,636	68,147	72,623	79,395	89,150	112,430	129,466	128,134	135,697
Chemical Products Business	Millions of yen	—	10,937	19,466	21,474	18,921	20,660	25,004	22,472	24,965	25,100
Other Businesses	Millions of yen	4,383	6,243	9,233	9,303	8,965	8,366	7,869	9,064	7,949	9,664
Operating income*1*2	Millions of yen	2,267	3,764	5,582	7,639	8,283	8,456	12,673	14,089	11,350	10,567
Agricultural Chemicals and Agriculture-Related Business	Millions of yen	2,566	3,544	4,992	6,778	8,014	8,349	13,065	14,805	12,147	10,581
Chemical Products Business	Millions of yen	—	858	1,249	1,476	985	888	900	528	772	1,528
Other Businesses	Millions of yen	487	552	599	829	831	868	637	848	849	865
Ordinary income	Millions of yen	4,478	7,441	8,074	9,735	9,916	12,829	23,570	24,115	18,300	13,363
Net income attributable to owners of parent	Millions of yen	3,423	7,252	4,706	6,789	6,618	9,023	16,329	18,024	13,590	4,381
Comprehensive income	Millions of yen	1,207	10,278	747	5,416	6,294	7,042	18,591	21,543	17,687	2,480
Financial Status											
Total assets	Millions of yen	83,608	139,168	133,756	142,660	154,857	169,172	204,604	226,939	275,474	248,205
Net assets	Millions of yen	57,264	99,365	97,739	99,260	103,959	109,954	121,995	139,845	152,941	151,107
Interest-bearing liabilities	Millions of yen	9,820	6,771	4,007	13,426	20,209	23,077	35,678	46,579	75,097	51,901
R&D Expenses / Capital Investment / Depreciation and Amortization											
R&D expenses	Millions of yen	2,728	3,932	5,247	4,839	5,107	4,948	5,144	6,187	6,988	7,060
Capital investment	Millions of yen	1,035	2,659	3,110	4,869	6,563	5,930	9,639	8,735	9,938	7,043
Depreciation and amortization	Millions of yen	917	2,024	2,943	3,102	3,768	4,318	4,837	5,088	5,254	5,693
Cash Flows											
Net cash provided by (used in) operating activities	Millions of yen	(2,551)	5,660	8,458	(1,221)	4,532	4,478	(1,159)	4,762	(16,725)	33,803
Net cash provided by (used in) investing activities	Millions of yen	(1,089)	(1,092)	(1,584)	(6,102)	(4,734)	(5,311)	(7,823)	(10,099)	(8,756)	(8,929)
Net cash provided by (used in) financing activities	Millions of yen	(231)	(10,329)	(5,016)	5,253	5,067	439	5,615	6,864	23,608	(27,850)
Operating Results											
Gross profit margin	%	19.8	24.2	24.4	25.2	25.1	24.6	23.5	22.8	22.0	20.2
Return on sales (ROS)	%	3.6	4.8	5.8	7.4	7.7	7.2	8.7	8.8	7.0	6.2
Ratio of ordinary income to net sales	%	7.2	9.6	8.3	9.4	9.2	10.9	16.2	15.0	11.4	7.8
Ratio of net income attributable to owners of parent to net sales	%	5.5	9.3	4.9	6.6	6.2	7.6	11.2	11.2	8.4	2.6
Research and Development											
Ratio of R&D expenses to net sales	%	4.4	5.1	5.4	4.7	4.8	4.2	3.5	3.8	4.3	4.1
Financial Status											
Equity ratio	%	64.4	66.7	67.3	65.9	63.6	61.4	56.4	58.6	53.0	58.2
D/E ratio	Times	0.18	0.07	0.04	0.14	0.21	0.22	0.31	0.35	0.51	0.36
Management Efficiency											
Return on equity (ROE)	%	6.4	9.9	5.1	7.4	6.9	8.9	14.9	14.5	9.7	3.0
Return on invested capital (ROIC)	%	2.3	2.5	3.8	4.7	4.6	4.4	5.6	5.2	3.5	3.6
Share Indices											
Net assets per share	Yen	677.53	734.72	718.67	750.32	787.01	830.44	960.96	1,105.55	1,212.20	1,199.81
Net income per share	Yen	43.07	70.40	37.46	54.10	52.92	72.13	135.45	149.88	112.91	36.38
Dividend per share	Yen	8.00	8.00	10.00	11.00	12.00	15.00	22.00	45.00	34.00	24.00
Dividend payout ratio	%	18.6	11.4	26.7	20.3	22.7	20.8	16.2	30.0	30.1	66.0
Price-earnings ratio (PER)	Times	13.81	10.94	18.74	18.63	18.88	11.74	7.22	7.29	7.22	18.74
Price-to-book ratio (PBR)	Times	0.88	1.05	0.98	1.34	1.27	1.02	1.02	0.99	0.67	0.57

*1 Sales and operating income by segment are not indicated because segment classifications were different prior to the business integration with Ihara Chemical Industry in May 2017.

*2 Segment operating income does not include adjustments. Adjustments are mainly corporate expenses that are not allocated to any reportable segment (general and administrative expenses not attributable to any reportable segment).

Non-Financial Data

		(Unit)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Environment									
Effective Use of Resources	Total amount of industrial waste generated	Thousand tons	1.88	2.26	4.42	2.10	3.67	5.30	4.87
	Landfill disposal amount of industrial waste generated	Thousand tons	0.01	0.01	0.03	0.05	0.08	0.08	0.13
	Landfill disposal rate of industrial waste generated	%	0.7	0.6	0.7	2.2	2.2	1.6	2.6
	Incineration disposal amount of industrial waste generated	Thousand tons	1.57	2.03	2.24	1.25	2.70	3.83	3.46
	Incineration disposal rate of industrial waste generated	%	83.9	90.0	50.7	59.6	73.7	72.2	71.1
	Recycled amount of industrial waste generated	Thousand tons	0.29	0.21	2.15	0.80	0.88	1.39	1.28
	Recycled rate of industrial waste generated	%	15.4	9.4	48.6	38.3	24.1	26.2	26.3
	Total amount of specially controlled industrial waste generated	Thousand tons	—	1.07	1.04	1.05	2.29	3.99	2.31
	Landfill disposal amount of specially controlled industrial waste generated	Thousand tons	—	0.00	0.00	0.00	0.00	0.00	0.00
	Landfill disposal rate of specially controlled industrial waste generated	%	—	0.0	0.0	0.1	0.0	0.0	0.0
	Incineration disposal amount of specially controlled industrial waste generated	Thousand tons	—	1.04	1.04	0.44	1.94	2.96	2.31
	Incineration disposal rate of specially controlled industrial waste generated	%	—	97.1	100.0	41.9	84.7	74.1	100.0
	Recycled amount of specially controlled industrial waste generated	Thousand tons	—	0.03	0.00	0.60	0.35	1.03	0.00
	Recycled rate of specially controlled industrial waste generated	%	—	2.9	0.0	57.5	15.3	25.8	0.0
Emissions to Atmosphere	Total emissions of SOx	Tons	—	2.3	2.6	2.3	2.1	1.7	0.7
	Total emissions of NOx	Tons	—	4.5	4.4	4.8	3.4	3.0	2.8
	Total emissions of particulate matter	Tons	—	0.5	0.5	0.5	0.4	0.4	0.4
Energy	Amount of purchased electricity	MWh	54,875	56,317	57,016	55,992	55,729	56,022	54,148
	Of which, renewable energy sources	MWh	12,525	12,544	12,635	12,420	25,184	40,827	41,448
Social									
Human capital	Number of employees	Persons	724	745	758	758	761	793	799
	Number of new graduate recruitments	Persons	24	35	34	16	12	23	26
	Number of experienced professional recruitments	Persons	10	12	6	4	22	17	6
	Job turnover	%	5.3	3.9	4.5	2.9	2.9	2.5	4.6
Diversity	Percentage of female employees	%	14.5	15.2	16.4	16.8	17.3	19.3	19.8
	Percentage of new graduate female recruitments	%	8.3	20.0	35.3	31.3	25.0	34.8	34.6
	Percentage of experienced female professional recruitments	%	0.0	25.0	33.3	0.0	27.3	29.4	0.0
	Percentage of female managers	%	—	1.6	1.5	1.6	2.3	2.2	2.2
	Rate of male employees who take childcare leave	%	4.8	0.0	23.8	24.1	62.5	63.6	92.9
Work Style	Average overtime hours	Hours per month	15.0	9.3	10.2	9.7	9.6	10.0	10.3
	Average rate of employees taking annual paid leave	%	64.3	57.6	57.5	60.6	60.4	69.2	71.5
Learning	Employee training expenses	Millions of yen	52	25	32	27	42	57	55
	Training time per employee	Hours	9.9	12.2	14.2	12.8	24.6	41.7	59.6
Research and Development									
Intellectual Property	Number of patent applications (Total)	Cases	—	107	80	93	101	83	36
	Number of patent applications (Japan)	Cases	—	32	29	21	15	23	22
	Number of patent applications (Overseas)	Cases	—	75	51	72	86	60	14
	Number of patents held (Total)	Cases	—	1,079	1,088	1,026	993	998	893
	Number of patents held (Japan)	Cases	—	209	151	147	145	143	132
	Number of patents held (Overseas)	Cases	—	870	937	879	848	855	761
Human Capital	Percentage of researchers with a Master's degree	%	88.9	88.7	89.9	91.5	90.1	90.1	91.4
	Percentage of researchers with a Doctor's degree	%	15.1	12.0	8.7	7.0	7.1	7.7	6.5

*The non-financial data are for KUMIAI CHEMICAL only.
However, the energy-related data are for seven group companies (KUMIAI CHEMICAL, RIKENGREEN, IHARANIKKEI CHEMICAL INDUSTRY, K-I CHEMICAL INDUSTRY, Ihara Construction Industry, ONOMICHI KUMIKA INDUSTRY, and KUMIKA LOGISTICS).

Company Information / Stock Information

Company Information

Company Profile (As of October 31, 2025)

Company name	KUMIAI CHEMICAL INDUSTRY CO., LTD.
Established	June 1949
Share capital	4,534 million yen
Number of employees	2,153 (consolidated)
Business overview	Manufacturing and sales of agricultural chemicals, such as insecticides, fungicides, and herbicides Manufacturing and sales of fine chemicals, such as organic intermediates and amine curing agents
Address	4-26, Ikenohata 1-chome, Taito-ku, Tokyo 110-8782, Japan Tel: +81-3-3822-5036

Stock Information

Status of Shares (As of October 31, 2025)

Total number of authorized shares	200,000,000 shares
Total number of issued shares	133,184,612 shares (including 12,761,542 treasury shares)
Number of shareholders	68,882
Stock exchange listing	Tokyo Stock Exchange Prime Market
Audit corporation	ARK LLC (Appointed on January 28, 2026)

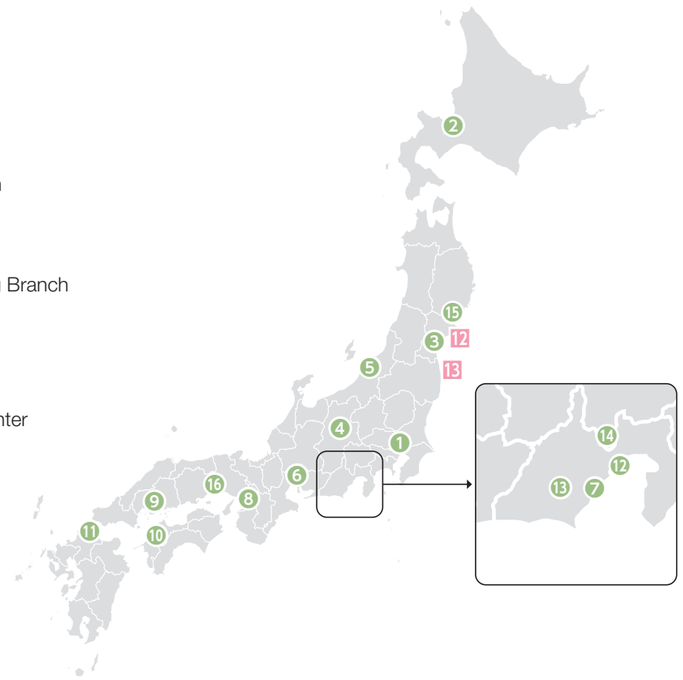
Share Price



Group Network (Japan)

List of KUMIAI CHEMICAL INDUSTRY CO., LTD. Offices

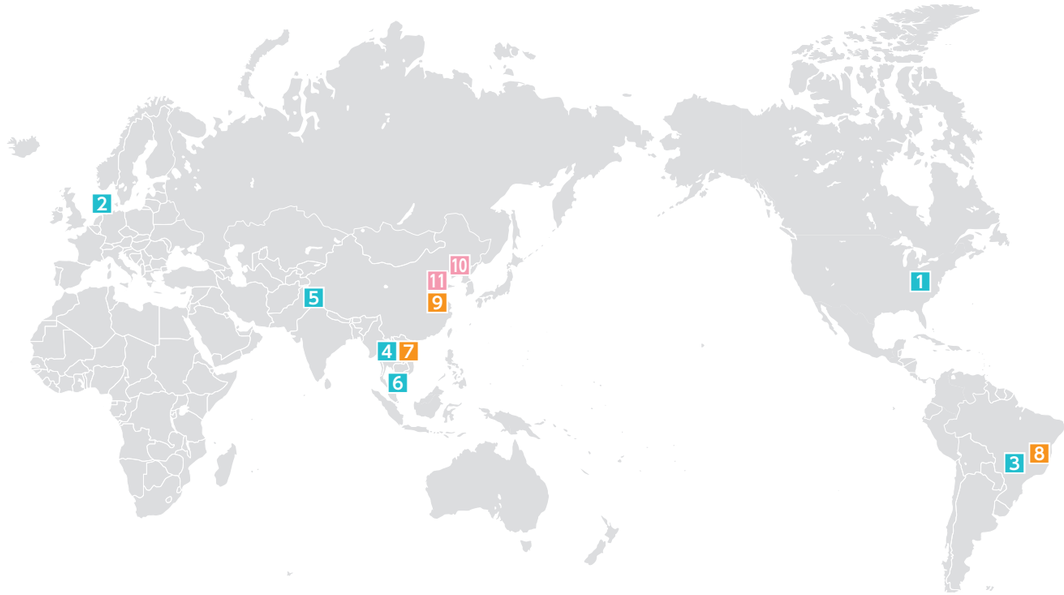
1. Head Office / Tokyo Branch
2. Sapporo Branch
3. Tohoku Branch
4. Nagano Sales Office, Tokyo Branch
5. Niigata Sales Office, Tokyo Branch
6. Nagoya Branch
7. Shizuoka Sales Office, Nagoya Branch
8. Osaka Branch
9. Chu-Shikoku Branch
10. Matsuyama Sales Office, Chu-Shikoku Branch
11. Kyushu Branch
12. Chemical Research Institute (ShIP)
    - Process Chemistry Research Center
    - Formulation Technology Research Center
    - New Molecule Research Center
13. Life Science Research Institute
    - Agrochemical Research Center
    - Life & Environment Research Center
14. Shizuoka Factory
15. Kogota Factory
16. Tatsuno Factory



List of Consolidated Subsidiaries (Japan)

RIKENGREEN CO., LTD.
IHARANIKKEI CHEMICAL INDUSTRY CO., LTD.
K-I CHEMICAL INDUSTRY CO., LTD.
Ihara Construction Industry Co., Ltd.
ONOMICHI KUMIKA INDUSTRY CO., LTD.
RYOCHI SANGYO CO., LTD.
NIHON PRINTING INDUSTRY CO., LTD.
KUMIKA LOGISTICS CO., LTD.
NEP CO., LTD.
ASADA SHOJI CO., LTD.

Group Network (Overseas)



List of Consolidated Subsidiaries (Overseas)

1. K-I CHEMICAL U.S.A. INC. (U.S.)
2. K-I CHEMICAL EUROPE SA/NV (Belgium)
3. K-I CHEMICAL DO BRASIL LTDA. (Brazil)
4. Iharanikkei Chemical (Thailand) Co., Ltd. (Thailand)
5. PI Kumiai Private Ltd. (India)
6. Asiatic Agricultural Industries Pte. Ltd. (Singapore)

List of Equity-method Affiliates (Overseas)

7. T.J.C. CHEMICAL CO., LTD. (Thailand)
8. IHARABRAS S.A. INDUSTRIAS QUIMICAS (Brazil)
9. Shanghai Qunli Chemical Co., Ltd. (China)

Other Affiliated Companies

10. KUMIKA KOREA CO., LTD. (South Korea)
11. KUMIAI CHEMICAL SHANGHAI CO., LTD. (China)
12. GRA INC.
13. Agricore Corporation