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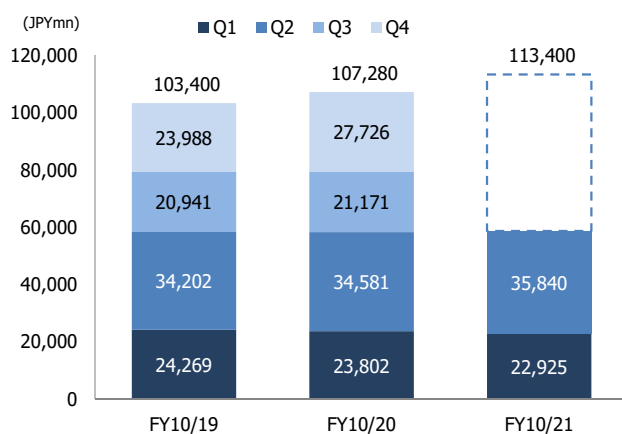
On **June 11, 2021**, Kumiai Chemical Industry Co., Ltd. announced earnings results for 1H FY10/21.

(JPYmn)	FY10/19				FY10/20				FY10/21		FY10/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Sales	24,269	58,471	79,412	103,400	23,802	58,383	79,554	107,280	22,925	58,765	100.1%	58,700	51.8%	113,400
YoY	27.3%	7.9%	6.5%	6.8%	-1.9%	-0.2%	0.2%	3.8%	-3.7%	0.7%		0.5%		9.7%
Gross profit	6,321	14,777	19,792	26,069	6,171	14,719	19,817	26,892	6,114	14,977				
YoY	23.7%	8.4%	8.2%	10.4%	-2.4%	-0.4%	0.1%	3.2%	-0.9%	1.8%				
Gross profit margin	26.0%	25.3%	24.9%	25.2%	25.9%	25.2%	24.9%	25.1%	26.7%	25.5%				
SG&A expenses	4,195	9,171	13,544	18,429	4,559	9,747	14,002	18,609	4,484	10,182				
YoY	-1.0%	3.7%	2.2%	2.2%	8.7%	6.3%	3.4%	1.0%	-1.6%	4.5%				
SG&A ratio	17.3%	15.7%	17.1%	17.8%	19.2%	16.7%	17.6%	17.3%	19.6%	17.3%				
Operating profit	2,127	5,607	6,248	7,639	1,612	4,971	5,815	8,283	1,630	4,796	101.0%	4,750	57.8%	8,300
YoY	143.9%	17.0%	23.8%	36.9%	-24.2%	-11.3%	-6.9%	8.4%	1.1%	-3.5%			-4.4%	8.7%
Operating profit margin	8.8%	9.6%	7.9%	7.4%	6.8%	8.5%	7.3%	7.7%	7.1%	8.2%			8.1%	7.3%
Recurring profit	2,480	6,479	7,527	9,735	2,088	5,473	6,614	9,916	1,978	6,468	100.3%	6,450	61.0%	10,600
YoY	80.9%	15.6%	13.8%	20.6%	-15.8%	-15.5%	-12.1%	1.9%	-5.3%	18.2%			17.9%	8.9%
Recurring profit margin	10.2%	11.1%	9.5%	9.4%	8.8%	9.4%	8.3%	9.2%	8.6%	11.0%			11.0%	9.3%
Net income	1,839	4,663	5,547	6,789	1,359	3,805	4,542	6,618	1,241	4,720	100.4%	4,700	63.8%	7,400
YoY	63.5%	4.7%	4.6%	44.3%	-26.1%	-18.4%	-18.1%	-2.5%	-8.7%	24.0%			23.5%	9.0%
Net margin	7.6%	8.0%	7.0%	6.6%	5.7%	6.5%	5.7%	6.2%	5.4%	8.0%			8.0%	6.5%

Quarterly (JPYmn)	FY10/19				FY10/20				FY10/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	24,269	34,202	20,941	23,988	23,802	34,581	21,171	27,726	22,925	35,840
YoY	27.3%	-2.6%	2.6%	7.7%	-1.9%	1.1%	1.1%	15.6%	-3.7%	3.6%
Gross profit	6,321	8,456	5,015	6,277	6,171	8,548	5,098	7,075	6,114	8,863
YoY	23.7%	-0.8%	7.4%	18.2%	-2.4%	1.1%	1.7%	12.7%	-0.9%	3.7%
Gross profit margin	26.0%	24.7%	23.9%	26.2%	25.9%	24.7%	24.1%	25.5%	26.7%	24.7%
SG&A expenses	4,195	4,976	4,373	4,885	4,559	5,188	4,255	4,607	4,484	5,698
YoY	-1.0%	8.1%	-0.9%	2.3%	8.7%	4.3%	-2.7%	-5.7%	-1.6%	9.8%
SG&A ratio	17.3%	14.5%	20.9%	20.4%	19.2%	15.0%	20.1%	16.6%	19.6%	15.9%
Operating profit	2,127	3,480	641	1,391	1,612	3,359	844	2,468	1,630	3,166
YoY	143.9%	-11.2%	152.4%	159.5%	-24.2%	-3.5%	31.7%	77.4%	1.1%	-5.7%
Operating profit margin	8.8%	10.2%	3.1%	5.8%	6.8%	9.7%	4.0%	8.9%	7.1%	8.8%
Recurring profit	2,480	3,999	1,048	2,208	2,088	3,385	1,141	3,302	1,978	4,490
YoY	80.9%	-5.5%	4.0%	51.0%	-15.8%	-15.4%	8.9%	49.5%	-5.3%	32.6%
Recurring profit margin	10.2%	11.7%	5.0%	9.2%	8.8%	9.8%	5.4%	11.9%	8.6%	12.5%
Net income	1,839	2,824	884	1,242	1,359	2,446	737	2,076	1,241	3,479
YoY	63.5%	-15.2%	4.2%	-	-26.1%	-13.4%	-16.6%	67.1%	-8.7%	42.2%
Net margin	7.6%	8.3%	4.2%	5.2%	5.7%	7.1%	3.5%	7.5%	5.4%	9.7%

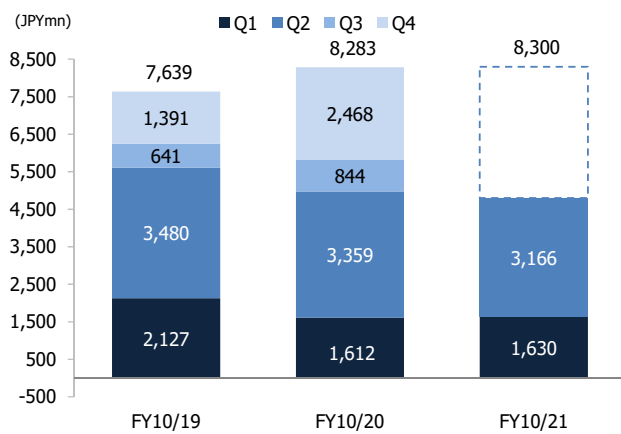
Source: Shared Research based on company data
 Note: Figures may differ from company materials due to differences in rounding methods.

Sales (quarterly)



Source: Shared Research based on company data

Operating profit (quarterly)



Source: Shared Research based on company data

Cumulative (JPYmn)	FY10/19				FY10/20				FY10/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total sales	24,269	58,471	79,412	103,400	23,802	58,383	79,554	107,280	22,925	58,765
YoY	27.3%	7.9%	6.5%	6.8%	-1.9%	-0.2%	0.2%	3.8%	-3.7%	0.7%
Agricultural Chemicals	17,450	44,088	56,846	72,623	17,224	44,285	58,579	79,395	16,382	44,581
YoY	31.5%	8.6%	5.0%	6.6%	-1.3%	0.4%	3.0%	9.3%	-4.9%	0.7%
% of total	71.9%	75.4%	71.6%	70.2%	72.4%	75.9%	73.6%	74.0%	71.5%	75.9%
Fine Chemical	5,136	10,180	15,759	21,474	4,835	9,726	14,409	18,921	4,329	9,301
YoY	24.7%	10.7%	9.7%	10.3%	-5.9%	-4.5%	-8.6%	-11.9%	-10.5%	-4.4%
% of total	21.2%	17.4%	19.8%	20.8%	20.3%	16.7%	18.1%	17.6%	18.9%	15.8%
Other	1,683	4,204	6,806	9,303	1,743	4,373	6,566	8,965	2,214	4,883
YoY	0.7%	-3.8%	11.9%	0.8%	3.6%	4.0%	-3.5%	-3.6%	27.0%	11.7%
% of total	6.9%	7.2%	8.6%	9.0%	7.3%	7.5%	8.3%	8.4%	9.7%	8.3%
Operating profit	2,127	5,607	6,248	7,639	1,612	4,971	5,815	8,283	1,630	4,796
YoY	143.9%	17.0%	23.8%	36.9%	-24.2%	-11.3%	-6.9%	8.4%	1.1%	-3.5%
Operating profit margin	8.8%	9.6%	7.9%	7.4%	6.8%	8.5%	7.3%	7.7%	7.1%	8.2%
Agricultural Chemicals	1,900	5,122	5,550	6,778	1,647	4,985	5,411	8,014	1,474	4,581
YoY	127.3%	15.0%	25.7%	35.8%	-13.3%	-2.7%	-2.5%	18.2%	-10.5%	-8.1%
Operating profit margin	10.9%	11.6%	9.8%	9.3%	9.6%	11.3%	9.2%	10.1%	9.0%	10.3%
% of total	78.2%	82.1%	76.2%	74.6%	84.5%	88.1%	79.1%	81.5%	73.9%	82.6%
Fine Chemical	411	690	1,185	1,476	198	226	858	985	281	389
YoY	28.8%	1.3%	6.1%	18.2%	-51.8%	-67.2%	-27.6%	-33.3%	41.9%	72.1%
Operating profit margin	8.0%	6.8%	7.5%	6.9%	4.1%	2.3%	6.0%	5.2%	6.5%	4.2%
% of total	16.9%	11.1%	16.3%	16.3%	10.2%	4.0%	12.5%	10.0%	14.1%	7.0%
Other	119	426	548	829	103	449	571	831	239	580
YoY	5850.0%	45.9%	23.4%	38.4%	-13.4%	5.4%	4.2%	0.2%	132.0%	29.2%
Operating profit margin	7.1%	10.1%	8.1%	8.9%	5.9%	10.3%	8.7%	9.3%	10.8%	11.9%
% of total	4.9%	6.8%	7.5%	9.1%	5.3%	7.9%	8.3%	8.5%	12.0%	10.5%
Company-wide expenses	-303	-631	-1,035	-1,444	-336	-689	-1,025	-1,547	-364	-753
Quarterly (JPYmn)	FY10/19				FY10/20				FY10/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total sales	24,269	34,202	20,941	23,988	23,802	34,581	21,171	27,726	22,925	35,840
YoY	27.3%	-2.6%	2.6%	7.7%	-1.9%	1.1%	1.1%	15.6%	-3.7%	3.6%
Agricultural Chemicals	17,450	26,638	12,758	15,777	17,224	27,061	14,294	20,816	16,382	28,199
YoY	31.5%	-2.6%	-5.7%	12.6%	-1.3%	1.6%	12.0%	31.9%	-4.9%	4.2%
% of total	72%	77.9%	60.9%	65.8%	72%	78.3%	67.5%	75.1%	71%	78.7%
Fine Chemical	5,136	5,044	5,579	5,715	4,835	4,891	4,683	4,512	4,329	4,972
YoY	24.7%	-0.7%	7.9%	12.1%	-5.9%	-3.0%	-16.1%	-21.0%	-10.5%	1.7%
% of total	21%	14.7%	26.6%	23.8%	20%	14.1%	22.1%	16.3%	19%	13.9%
Other	1,683	2,521	2,602	2,497	1,743	2,630	2,193	2,399	2,214	2,669
YoY	0.7%	-6.6%	52.0%	-20.8%	3.6%	4.3%	-15.7%	-3.9%	27.0%	1.5%
% of total	7%	7.4%	12.4%	10.4%	7%	7.6%	10.4%	8.7%	10%	7.4%
Operating profit	2,127	3,480	641	1,391	1,612	3,359	844	2,468	1,630	3,166
YoY	143.9%	-11.2%	152.4%	159.5%	-24.2%	-3.5%	31.7%	77.4%	1.1%	-5.7%
Operating profit margin	8.8%	10.2%	3.1%	5.8%	6.8%	9.7%	4.0%	8.9%	7.1%	8.8%
Agricultural Chemicals	1,900	3,222	428	1,228	1,647	3,338	426	2,603	1,474	3,107
YoY	127.3%	-10.9%	-	112.8%	-13.3%	3.6%	-0.5%	112.0%	-10.5%	-6.9%
Operating profit margin	10.9%	12.1%	3.4%	7.8%	9.6%	12.3%	3.0%	12.5%	9.0%	11.0%
% of total	78.2%	84.6%	41.0%	68.2%	84.5%	89.9%	36.1%	87.1%	73.9%	87.4%
Fine Chemical	411	279	495	291	198	28	632	127	281	108
YoY	28.8%	-22.9%	13.5%	120.5%	-51.8%	-90.0%	27.7%	-56.4%	41.9%	285.7%
Operating profit margin	8.0%	5.5%	8.9%	5.1%	4.1%	0.6%	13.5%	2.8%	6.5%	2.2%
% of total	16.9%	7.3%	47.4%	16.2%	10.2%	0.8%	53.6%	4.2%	14.1%	3.0%
Other	119	307	122	281	103	346	122	260	239	341
YoY	5850.0%	5.9%	-19.7%	81.3%	-13.4%	12.7%	0.0%	-7.5%	132.0%	-1.4%
Operating profit margin	7.1%	12.2%	4.7%	11.3%	5.9%	13.2%	5.6%	10.8%	10.8%	12.8%
% of total	4.9%	8.1%	11.7%	15.6%	5.3%	9.3%	10.3%	8.7%	12.0%	9.6%
Company-wide expenses	-303	-328	-404	-409	-336	-353	-336	-522	-364	-390

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

1H FY10/21 results (out June 11, 2021)

Results for 1H FY10/21 (November 2020–April 2021)

- ▷ Sales: JPY58.8bn (+0.7% YoY)
- ▷ Operating profit: JPY4.8bn (-3.5% YoY)
- ▷ Recurring profit: JPY6.5bn (+18.2% YoY)
- ▷ Net income*: JPY4.7bn (+24.0% YoY)

*Net income attributable to owners of parent

Earnings summary

Sales increased YoY as strong domestic Agricultural Chemicals and Agriculture-Related Businesses sales offset a decline in overseas shipments and a drop in sales of some Fine Chemicals Business products. On the profit front, SG&A expenses increased 4.5% YoY, resulting in a 3.5% decline in operating profit. Recurring profit was up 18.2% YoY as yen depreciation as of end-April 2021 led to forex gains, and net income attributable to owners of the parent increased 24.0% YoY.

Segment performance was as follows.

Agricultural Chemicals and Agriculture-Related Businesses

- ▷ Sales: JPY44.6bn (+0.7% YoY)
- ▷ Operating profit: JPY4.6bn (-8.1% YoY)

Domestic sales

Overall domestic sales were up YoY. The sales growth was supported by the full-scale launch of its new fungicide Disarta and increased sales of both the formulation of paddy rice herbicide Effeeda and the active ingredient itself.

Overseas sales

Overseas sales declined YoY. Sales of field crop herbicide Axeev, a core product, fell YoY. Shipments to Brazil and Argentina were robust, but shipping plans for the US, the main market, were adversely impacted.

Fine Chemicals Business

- ▷ Sales: JPY9.3bn (-4.4% YoY)
- ▷ Operating profit: JPY389mn (+72.1% YoY)

Earnings summary

The Fine Chemicals Business is mainly composed of the chlorination business, which manufactures chlorotoluene- and chloroxylene-based chemical products; the precision chemicals business, which includes bismaleimides used in electronic materials and raw materials for high heat-resistant resins; the industrial chemicals business, which includes polyurethane curing agents used as raw materials for waterproof materials, fungicides and anti-mold agents, and hygiene products; and the styrene foam business, which handles styrene foam used as packaging for agriculture and fishery products and consumer electronic parts, household appliance parts, and insulation materials in construction.

Sales of chloroxylene-based chemical products in the chlorination business were sluggish due to the impact of the COVID-19 pandemic. Demand for precision chemicals business products such as bismaleimides were trending back up. Performance from the industrial chemicals business and the styrene foam business was level YoY.

Other Businesses

- ▷ Sales: JPY4.9bn (+11.7% YoY)
- ▷ Operating profit: JPY580mn (+29.2% YoY)

Earnings summary

Other Businesses include leasing, electricity generation and sales, construction, printing, logistics, and information services. Among the major businesses, sales in the construction business rose significantly YoY thanks to an increase in work carried forward from FY10/20 and work for which sales are recorded on a percentage-of-completion basis. The printing and logistics businesses also performed well.

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