

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

a. Changes in accounting policies in accordance with changes in accounting standards, etc.: None

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement: None

(4) Number of shares issued (common shares)

a. Number of shares issued at the end of the period (including treasury shares)

| | |
|-------------------------|------------------|
| As of March 31, 2020 | 5,536,000 shares |
| As of December 31, 2019 | 5,536,000 shares |

b. Number of treasury shares at the end of the period

| | |
|-------------------------|----------------|
| As of March 31, 2020 | 123,954 shares |
| As of December 31, 2019 | 123,954 shares |

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|-----------------------------------|------------------|
| Three months ended March 31, 2020 | 5,412,046 shares |
| Three months ended March 31, 2019 | 5,412,152 shares |

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors.

Attached Materials

Index

- 1. Qualitative information regarding financial results for the first three months..... 2
 - (1) Information regarding operating results 2
 - (2) Information regarding financial position 2
 - (3) Information regarding consolidated earnings forecasts and other forward-looking statements 2
- 2. Quarterly consolidated financial statements and significant notes thereto 4
 - (1) Consolidated balance sheet..... 4
 - (2) Consolidated statement of income and consolidated statement of comprehensive income..... 6
 - Consolidated statement of income (cumulative) 6
 - Consolidated statement of comprehensive income (cumulative) 7
 - (3) Notes to quarterly consolidated financial statements 8
 - Notes on premise of going concern 8
 - Notes on substantial changes in the amount of shareholders' equity..... 8
 - Segment information, etc..... 8

1. Qualitative information regarding financial results for the first three months

The Company finalized the provisional accounting treatment for business combinations in the fiscal year ended December 31, 2019. Indicators related to the three months ended March 31, 2019 are presented based on amounts after reflecting important revisions of the initial allocated amounts of acquisition cost due to the finalization of the provision accounting treatment.

(1) Information regarding operating results

In the first three months of the fiscal year ending December 31, 2020, the Japanese economy showed improvements in the employment situation and a trend of recovery in consumer spending, yet negative impacts on the economy have emerged since the government declared a state of emergency in relation to the novel coronavirus disease (COVID-19) in late February 2020. Meanwhile, turning attention to the global economy, the Chinese economy suddenly slowed due to COVID-19 from January 2020 and the impact has spread across the world.

Under such business condition, although sales volumes fell in both domestic and overseas markets year on year, OAT Agrio Group (the “Group”) achieved improved profitability due to factors including lower cost of manufacturing, cost reduction and a decline in interest paid.

As a result, in the first three months under review, net sales was ¥6,250 million, down ¥1,114 million or 15.1% year on year, operating profit was ¥952 million, up ¥197 million or 26.2% year on year, ordinary profit was ¥888 million, up ¥158 million or 21.8% year on year and profit attributable to owners of parent was ¥553 million, up ¥71 million or 14.8% year on year.

The Group has a single business segment, the AgriTechno Business. The operating results by business fields in this segment are as follows.

In the agrichemicals field, net sales decreased as a result of a year-on-year decrease in sales of *Hachi-Hachi*, *Cyflumetofen*, *Orion*, etc. due to the impact of new insecticides, etc. from competing agrichemical manufacturers in the domestic agrichemical market. Furthermore, in the overseas agrichemical market, net sales decreased as a result of a year-on-year decrease in sales of the insecticide *Oncol* overseas due to the impact of increased sales prices from the revision of the sales strategy. As a result, net sales in the agrichemicals field decreased by ¥705 million, or 16.7% year on year, to ¥3,527 million.

Even in the fertilizer and biostimulant field, net sales decreased due to the year on year decline in sales of products such as *ATONIK*. As a result, overall net sales in the fertilizer and biostimulant field decreased by ¥408 million, or 13.0% year on year, to ¥2,722 million.

Net sales and operating profit of the Group tend to be higher in the first quarter of the consolidated fiscal year compared with the other three quarters because it is the period for deliveries in preparation for peak demand seasons, particularly with respect to the domestic agrichemicals business.

(2) Information regarding financial position

Total assets as of March 31, 2020, was ¥31,238 million, an increase of ¥1,513 million compared to December 31, 2019. This was mainly the result of increases of ¥1,536 million in notes and accounts receivable - trade.

Total liabilities was ¥24,586 million, an increase of ¥1,669 million compared to December 31, 2019. This was mainly the result of an increase of ¥1,207 million in notes and accounts payable - trade and a decrease of ¥318 million in long-term loans payable.

Net assets was ¥6,652 million, a decrease of ¥155 million compared to December 31, 2019. This was mainly the result of an increase of ¥340 million in retained earnings and a decrease of ¥460 million in foreign currency translation adjustment.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

COVID-19 is spreading worldwide and there are many uncertainties concerning the future impact on earnings such as the government’s future response and customer purchasing trends, which makes it extremely difficult to calculate appropriate and meaningful earnings forecasts at the current point in time. Therefore, regarding the earnings forecast for the fiscal year ending December 31, 2020, we have decided

to leave the earnings forecast for the fiscal year ending December 31, 2020 that we announced on February 14, 2020 unchanged. We will make a prompt disclosure when a meaningful forecast can be calculated, and we determine that disclosure is required.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

| | As of December 31, 2019 | As of March 31, 2020 |
|--|-------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,414 | 3,764 |
| Notes and accounts receivable - trade | 5,084 | 6,621 |
| Merchandise and finished goods | 3,041 | 3,049 |
| Work in process | 490 | 779 |
| Raw materials and supplies | 1,647 | 1,505 |
| Other | 784 | 899 |
| Allowance for doubtful accounts | (26) | (28) |
| Total current assets | 14,436 | 16,590 |
| Non-current assets | | |
| Property, plant and equipment | 4,047 | 3,871 |
| Intangible assets | | |
| Goodwill | 6,848 | 6,538 |
| Customer relation Assets | 2,878 | 2,760 |
| Other | 417 | 402 |
| Total intangible assets | 10,144 | 9,701 |
| Investments and other assets | 1,095 | 1,075 |
| Total non-current assets | 15,288 | 14,648 |
| Total assets | 29,724 | 31,238 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,418 | 3,625 |
| Short-term borrowings | 6,991 | 8,091 |
| Income taxes payable | 297 | 375 |
| Provision for bonuses | 30 | 122 |
| Provision for sales rebates | 38 | 104 |
| Provision for sales returns | 17 | 16 |
| Provision for loss on compensation for damages | 137 | 80 |
| Other | 1,966 | 1,501 |
| Total current liabilities | 11,899 | 13,918 |
| Non-current liabilities | | |
| Long-term borrowings | 9,150 | 8,832 |
| Retirement benefit liability | 244 | 208 |
| Deferred tax liabilities | 942 | 902 |
| Other | 681 | 725 |
| Total non-current liabilities | 11,017 | 10,668 |
| Total liabilities | 22,917 | 24,586 |

(Millions of yen)

| | As of December 31, 2019 | As of March 31, 2020 |
|---|-------------------------|----------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 461 | 461 |
| Capital surplus | 2,410 | 2,410 |
| Retained earnings | 4,059 | 4,399 |
| Treasury shares | (162) | (162) |
| Total shareholders' equity | 6,769 | 7,109 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6 | (33) |
| Foreign currency translation adjustment | (671) | (1,132) |
| Remeasurements of defined benefit plans | (19) | 8 |
| Total accumulated other comprehensive income | (685) | (1,157) |
| Non-controlling interests | 724 | 699 |
| Total net assets | 6,807 | 6,652 |
| Total liabilities and net assets | 29,724 | 31,238 |

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income (cumulative)

(Millions of yen)

| | Three months ended March 31, 2019 | Three months ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Net sales | 7,364 | 6,250 |
| Cost of sales | 4,514 | 3,345 |
| Gross profit | 2,849 | 2,904 |
| Selling, general and administrative expenses | 2,095 | 1,952 |
| Operating profit | 754 | 952 |
| Non-operating income | | |
| Interest income | 5 | 4 |
| Dividend income | 2 | 2 |
| Subsidy income | 8 | - |
| Technical support fee income | 44 | - |
| Other | 11 | 7 |
| Total non-operating income | 72 | 15 |
| Non-operating expenses | | |
| Interest expenses | 82 | 50 |
| Foreign exchange losses | 12 | 25 |
| Other | 2 | 2 |
| Total non-operating expenses | 97 | 78 |
| Ordinary profit | 729 | 888 |
| Extraordinary income | | |
| Gain on sales of non-current assets | - | 0 |
| Total extraordinary income | - | 0 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 0 |
| Total extraordinary losses | 0 | 0 |
| Profit before income taxes | 729 | 889 |
| Income taxes - current | 451 | 366 |
| Income taxes - deferred | (211) | (44) |
| Total income taxes | 240 | 321 |
| Profit | 489 | 567 |
| Profit attributable to non-controlling interests | 7 | 14 |
| Profit attributable to owners of parent | 482 | 553 |

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

| | Three months ended March 31, 2019 | Three months ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Profit | 489 | 567 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 46 | (40) |
| Foreign currency translation adjustment | (286) | (497) |
| Remeasurements of defined benefit plans, net of tax | (2) | 28 |
| Total other comprehensive income | (241) | (509) |
| Comprehensive income | 247 | 58 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 243 | 81 |
| Comprehensive income attributable to non-controlling interests | 4 | (23) |

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

No items to report.

Notes on substantial changes in the amount of shareholders' equity

No items to report.

Segment information, etc.

[Segment information]

As the Group consists of a single business segment, the AgriTechno Business, this information is omitted.