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November 9, 2018

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending December 31, 2018 <under Japanese GAAP>

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 Listing: Tokyo Stock Exchange
 Securities code: 4979
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Scheduled date to file Quarterly Securities Report: November 12, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the first nine months of the fiscal year ending December 31, 2018 (from January 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Nine months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2018	12,111	5.2	2,184	(8.2)	2,211	(6.6)	1,542	(3.9)
September 30, 2017	11,507	13.6	2,379	27.9	2,368	42.8	1,605	52.0

Note: Comprehensive income Nine months ended September 30, 2018: ¥1,400 million [(14.6)%]

Nine months ended September 30, 2017: ¥1,639 million [84.8%]

Nine months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2018	284.94	–
September 30, 2017	325.50	307.80

Note: Diluted earnings per share for the nine months ended September 30, 2018 is not presented because there are no potential shares.

*** 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 September 30, 2018	5,536,000 shares
As of December 31, 2017	5,536,000 shares

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

As of September 30, 2018	123,817 shares
As of December 31, 2017	123,693 shares

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

Nine months ended September 30, 2018	5,412,235 shares
Nine months ended September 30, 2017	4,932,360 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

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

(1) Information regarding operating results

In the first nine months of the fiscal year ending December 31, 2018, the Japanese economy continued to follow a trend of moderate recovery owing to such factors as improvements in the employment and income environments and strengthening corporate earnings. However, the outlook for the global economy remains uncertain, particularly due to concerns regarding the protectionist economic policies of the U.S. and intensifying trade friction between the U.S. and China.

Amid this situation, the OAT Agrio Group (the “Group”) actively engaged in sales initiatives to expand sales of all products both in Japan and overseas. Net sales were up year on year due mainly to increased shipments in the fertilizer and biostimulant field. However, on the expense side, operating profit was down year on year as a result of increase in selling, general and administrative expenses due to increases in personnel expenses and R&D expenses.

As a result, in the first nine months under review, net sales was ¥12,111 million, up ¥603 million or 5.2% year on year, selling, general and administrative expenses was ¥3,498 million, up ¥436 million or 14.2% year on year, operating profit was ¥2,184 million, down ¥194 million or 8.2% year on year, ordinary profit was ¥2,211 million, down ¥156 million or 6.6% year on year and profit attributable to owners of parent was ¥1,542 million, down ¥63 million or 3.9% 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, results in the domestic market were down year on year due to factors such as the year-on-year decline in shipments of the insecticide. On the other hand, results in the overseas markets were up year on year due to factors such as the year-on-year increase in shipments of the acaricide *Cyflumetofen* and the fungicide *Kaligreen*, despite a downturn in shipment volumes of agricultural chemical intermediaries of the herbicide *Benzofenap* year on year. As a result, overall net sales in the agrichemicals field increased by ¥173 million, or 2.0% year on year, to ¥8,813 million.

In the fertilizer and biostimulant field, shipments of Drip Fertigation Cultivation System and organic fertilizers in the domestic market and shipments of *Atonik* to the overseas markets increased. As a result, overall net sales in the fertilizer and biostimulant field increased by ¥430 million, or 15.0% year on year, to ¥3,297 million.

(2) Information regarding financial position

Total assets as of September 30, 2018, was ¥16,432 million, an increase of ¥4,338 million compared to December 31, 2017. This was mainly the result of increases of ¥2,153 million in goodwill and ¥356 million in notes and accounts receivable - trade.

Total liabilities was ¥8,736 million, an increase of ¥2,976 million compared to December 31, 2017. This was mainly the result of a decrease of ¥562 million in notes and accounts payable - trade and an increase of ¥4,100 million in short-term loans payable.

Net assets was ¥7,695 million, an increase of ¥1,362 million compared to December 31, 2017. This was mainly the result of an increase in retained earnings from profit attributable to owners of parent.

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

The consolidated earnings forecasts for the fiscal year ending December 31, 2018, announced in “Consolidated Financial Results for the Fiscal Year Ended December 31, 2017” on February 9, 2018, have not been changed.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	1,958	2,263
Notes and accounts receivable - trade	3,580	3,936
Merchandise and finished goods	2,329	2,771
Work in process	377	505
Raw materials and supplies	812	1,283
Other	452	618
Allowance for doubtful accounts	(31)	(18)
Total current assets	9,479	11,360
Non-current assets		
Property, plant and equipment	1,822	2,017
Intangible assets		
Goodwill	88	2,242
Other	104	90
Total intangible assets	192	2,332
Investments and other assets	598	722
Total non-current assets	2,614	5,072
Total assets	12,094	16,432
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,212	1,650
Short-term loans payable	777	4,877
Income taxes payable	366	426
Provision for sales returns	19	16
Provision for sales rebates	45	194
Provision for bonuses	35	128
Other	790	640
Total current liabilities	4,247	7,934
Non-current liabilities		
Long-term loans payable	1,000	96
Provision for directors' retirement benefits	2	-
Net defined benefit liability	183	180
Deferred tax liabilities	72	63
Other	254	461
Total non-current liabilities	1,513	802
Total liabilities	5,760	8,736

(Millions of yen)

	As of December 31, 2017	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	461	461
Capital surplus	2,410	2,410
Retained earnings	3,229	4,576
Treasury shares	(161)	(161)
Total shareholders' equity	5,939	7,286
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13	(15)
Foreign currency translation adjustment	(36)	(120)
Remeasurements of defined benefit plans	(2)	(0)
Total accumulated other comprehensive income	(25)	(137)
Non-controlling interests	419	546
Total net assets	6,333	7,695
Total liabilities and net assets	12,094	16,432

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Net sales	11,507	12,111
Cost of sales	6,066	6,427
Gross profit	5,440	5,683
Selling, general and administrative expenses	3,061	3,498
Operating profit	2,379	2,184
Non-operating income		
Interest income	16	14
Dividend income	3	4
Subsidy income	6	–
Foreign exchange gains	–	22
Other	12	11
Total non-operating income	39	53
Non-operating expenses		
Interest expenses	21	25
Foreign exchange losses	26	–
Other	1	0
Total non-operating expenses	50	26
Ordinary profit	2,368	2,211
Extraordinary income		
Gain on sales of non-current assets	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of shares of subsidiaries and associates	28	1
Total extraordinary losses	29	2
Profit before income taxes	2,340	2,210
Income taxes - current	812	710
Income taxes - deferred	(70)	(44)
Total income taxes	742	665
Profit	1,597	1,544
Profit (loss) attributable to non-controlling interests	(7)	2
Profit attributable to owners of parent	1,605	1,542

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Profit	1,597	1,544
Other comprehensive income		
Valuation difference on available-for-sale securities	33	(29)
Foreign currency translation adjustment	7	(117)
Remeasurements of defined benefit plans, net of tax	1	1
Total other comprehensive income	42	(144)
Comprehensive income	1,639	1,400
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,650	1,430
Comprehensive income attributable to non-controlling interests	(11)	(30)

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

No items to report.

Changes in significant subsidiaries during the period

No items to report.

Although this matter does not constitute changes in specified subsidiaries, LIDA Plant Research, S.L. and its subsidiary ENSOFO LA GRANJA SL, and CAPA Ecosystems, S.L.U., which have been newly acquired, are included in the scope of consolidation effective from the third quarter ended September 30, 2018.

Also, OAT Stevia Co., Ltd. was excluded from the scope of consolidation due to liquidation in the third quarter ended September 30, 2018.

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.