

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2020	29,339	7,320	22.4	1,211.68
December 31, 2019	29,724	6,807	20.5	1,124.13

Reference: Equity As of September 30, 2020: ¥6,557 million
As of December 31, 2019: ¥6,083 million

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2019	–	0.00	–	40.00	40.00
Fiscal year ending December 31, 2020	–	0.00	–		
Fiscal year ending December 31, 2020 (Forecast)				40.00	40.00

Note: Revisions to the dividends forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2020	21,779	(0.6)	1,405	30.5	1,259	50.3	613	–	113.37

Note: Revisions to the earnings forecasts most recently announced: None

The novel coronavirus disease (COVID-19) is spreading worldwide and there are many uncertainties concerning the future impact on earnings at the current point in time, so we have left the full-year earnings forecast and forecast year-end dividend for the fiscal year ending December 31, 2020 unchanged.

*** 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, 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 September 30, 2020	124,000 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)

Nine months ended September 30, 2020	5,412,046 shares
Nine months ended September 30, 2019	5,412,135 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

The Company finalized the provisional accounting treatment for business combinations in the fiscal year ended December 31, 2019. Indicators related to the first nine months ended September 30, 2019 are presented based on amounts after reflecting important revisions of the initial allocated amounts of acquisition cost due to the finalization of the provisional accounting treatment.

(1) Information regarding operating results

In the first nine months of the fiscal year ending December 31, 2020, the Japanese economy deteriorated significantly due to a slowdown in global economic activity caused by the novel coronavirus disease (COVID-19) pandemic. After the state of emergency was lifted, economic activity has gradually resumed, but as signs of a second wave of the spread of the disease emerged in July, the situation remains uncertain with no prospects for when it might come to an end.

Under these circumstances, the Company is working to build a sales system that focuses on producers through our business alliance with Maruzen Chemicals Co., Ltd. In Japan, we are working on renewal of our foliar spray fertilizers and launch of new liquid fertilizers, while overseas we are focusing on our three main products (*Cyflumetofen*, *Kaligreen* and *Atonik*). In research and development, we have aimed to expand the market by launching new products and improving existing products.

In such a business environment, net sales of OAT Agrio Group (the “Group”) in the first nine months under review declined in Japan due to the impact of competing agrochemical manufacturers and a reduction in the activities of a consolidated subsidiary that is undergoing liquidation proceedings. Overseas, sales of Blue Wave Holding B.V. of the Netherlands decreased as a result of lower demand for flowers and ornamental plants due to the spread of COVID-19. As a result of the factors above, net sales decreased year on year. On the other hand, operating profit increased year on year as a result of a year-on-year decrease in cost of sales due to the elimination of the temporary cost of inventory valuation associated with the finalization of the provisional accounting treatment for business combinations, and a decrease in selling, general and administrative expenses.

As a result, in the first nine months under review, net sales was ¥15,476 million, down ¥1,523 million or 9.0% year on year, selling, general and administrative expenses was ¥5,852 million, down ¥212 million or 3.5% year on year, operating profit was ¥1,486 million, up ¥199 million or 15.5% year on year, ordinary profit was ¥1,334 million, up ¥295 million or 28.4% year on year and profit attributable to owners of parent was ¥767 million, up ¥186 million or 32.2% year on year.

Net sales and operating profit of the Group tend to be higher in the first and second quarters of the consolidated fiscal year compared with the other two quarters because they are the periods for deliveries in preparation for peak demand seasons, particularly with respect to the domestic agrichemicals business.

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 in the domestic agrichemical market, sales increased for the acaricide *Saffoil*, which is derived from vegetable oil and which the Company has been focused on, but sales decreased for insecticides *Hachi-Hachi*, *Orion*, and the acaricide *Cyflumetofen*, etc. due to the impact of new insecticides, etc. from competing agrichemical manufacturers. Furthermore, in the overseas agrichemical market, sales of the insecticide *Oncol* decreased due to the revision of the sales strategy. As a result, overall net sales in the agrichemicals field decreased by ¥994 million, or 11.7% year on year, to ¥7,526 million.

In the fertilizer and biostimulant field, sales of LIDA Plant Research, S.L. grew globally, but sales of Blue Wave Holding B.V. of the Netherlands declined and sales of *Atonik* remained weak. As a result, overall net sales in the fertilizer and biostimulant field decreased by ¥528 million, or 6.2% year on year, to ¥7,950 million.

(2) Information regarding financial position

Total assets as of September 30, 2020, was ¥29,339 million, a decrease of ¥385 million compared to December 31, 2019. This was mainly the result of a decrease of ¥347 million in goodwill, an increase of ¥1,131 million in cash and deposits, a decrease of ¥508 million in merchandise and finished goods and a decrease of ¥397 million in notes and accounts receivable - trade.

Total liabilities was ¥22,018 million, a decrease of ¥898 million compared to December 31, 2019. This was mainly the result of a decrease of ¥926 million in notes and accounts payable - trade, an increase of ¥98 million in short-term borrowings and an increase of ¥70 million in long-term borrowings.

Net assets was ¥7,320 million, an increase of ¥512 million compared to December 31, 2019. This was mainly the result of the recording of ¥767 million in profit attributable to owners of parent, ¥216 million in payment of dividends of surplus, and a decrease of ¥127 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 taking into account changes in the external environment and progress of our business operations in the future, 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 September 30, 2020
Assets		
Current assets		
Cash and deposits	3,414	4,545
Notes and accounts receivable - trade	5,084	4,686
Merchandise and finished goods	3,041	2,533
Work in process	490	477
Raw materials and supplies	1,647	1,558
Other	784	964
Allowance for doubtful accounts	(26)	(39)
Total current assets	14,436	14,726
Non-current assets		
Property, plant and equipment	4,047	3,741
Intangible assets		
Goodwill	6,848	6,500
Customer relation Assets	2,878	2,769
Other	417	388
Total intangible assets	10,144	9,658
Investments and other assets	1,095	1,212
Total non-current assets	15,288	14,613
Total assets	29,724	29,339
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,418	1,491
Short-term borrowings	6,991	7,089
Income taxes payable	297	308
Provision for bonuses	30	119
Provision for sales rebates	38	149
Provision for sales returns	17	16
Provision for loss on compensation for damages	137	48
Other	1,966	1,756
Total current liabilities	11,899	10,981
Non-current liabilities		
Long-term borrowings	9,150	9,220
Retirement benefit liability	244	206
Deferred tax liabilities	942	984
Other	681	625
Total non-current liabilities	11,017	11,037
Total liabilities	22,917	22,018

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,410	2,410
Retained earnings	4,059	4,609
Treasury shares	(162)	(162)
Total shareholders' equity	6,769	7,319
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	29
Foreign currency translation adjustment	(671)	(799)
Remeasurements of defined benefit plans	(19)	7
Total accumulated other comprehensive income	(685)	(762)
Non-controlling interests	724	763
Total net assets	6,807	7,320
Total liabilities and net assets	29,724	29,339

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Net sales	16,999	15,476
Cost of sales	9,647	8,136
Gross profit	7,352	7,339
Selling, general and administrative expenses	6,065	5,852
Operating profit	1,287	1,486
Non-operating income		
Interest income	14	12
Dividend income	6	8
Technical support fee income	42	–
Share of profit of entities accounted for using equity method	10	12
Other	19	22
Total non-operating income	94	55
Non-operating expenses		
Interest expenses	194	155
Commission expenses	76	0
Foreign exchange losses	41	41
Other	30	10
Total non-operating expenses	342	208
Ordinary profit	1,038	1,334
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	1	2
Loss on valuation of shares of subsidiaries and associates	15	–
Impairment loss	–	12
Loss on liquidation of subsidiaries	–	8
Total extraordinary losses	16	23
Profit before income taxes	1,022	1,312
Income taxes - current	654	547
Income taxes - deferred	(245)	(70)
Total income taxes	408	476
Profit	613	835
Profit attributable to non-controlling interests	33	68
Profit attributable to owners of parent	580	767

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit	613	835
Other comprehensive income		
Valuation difference on available-for-sale securities	29	23
Foreign currency translation adjustment	(940)	(141)
Remeasurements of defined benefit plans, net of tax	(1)	27
Total other comprehensive income	(912)	(90)
Comprehensive income	(298)	744
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(291)	690
Comprehensive income attributable to non-controlling interests	(7)	54

(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.

Additional information

(Impact of COVID-19)

Regarding the impact of COVID-19, while there are many uncertainties about its future spread and when it will be brought under control, the Group has made accounting estimates, such as the valuation of non-current assets, based on available information and assuming that the impact will continue for a certain period of time.

Segment information, etc.

[Segment information]

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