





**\* 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, 2021	5,536,000 shares
As of December 31, 2020	5,536,000 shares

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

As of September 30, 2021	203,844 shares
As of December 31, 2020	124,042 shares

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

Nine months ended September 30, 2021	5,412,042 shares
Nine months ended September 30, 2020	5,412,046 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 nine 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 ..... 3
- 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
    - Additional information ..... 8
    - Segment information, etc..... 8

## 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, 2020. Indicators related to the first nine months ended September 30, 2020 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, 2021, the Japanese economy continued to face challenging conditions due to the prolongation of the novel coronavirus disease (COVID-19). The state of emergency was completely lifted on September 30, 2021, due to the significant decrease of the number of newly infected people as a result of the Japanese government taking measures to prevent the spread of infection and promoting vaccinations. Although expectations concerning economic recovery are increasing, the future of the economy is uncertain due to concerns regarding a sixth wave of infection. On the other hand, for the global economy, there were variations in economic recovery due to significant disparities in vaccination rates in various countries. Furthermore, even in countries with high vaccination rates, there are still concerns that economic activity will be affected due to the increase in the number of newly infected people.

Under such business conditions, OAT Agrio Group (the “Group”) will continue to focus on sales activities, such as sales of products to countries where agrichemicals and fertilizer have been approved for registration, the roll out of products in Japan and overseas using the Group’s networks, the search for new sales channels that utilize e-commerce websites, and proactive sales promotion activities for cultivation products for facility horticulture.

As a result, in the first nine months under review, net sales was ¥17,465 million, up ¥1,989 million or 12.9% year on year, selling, general and administrative expenses was ¥6,286 million, up ¥433 million or 7.4% year on year, operating profit was ¥2,069 million, up ¥583 million or 39.2% year on year, ordinary profit was ¥2,080 million, up ¥746 million or 55.9% year on year and profit attributable to owners of parent was ¥1,418 million, up ¥651 million or 84.9% 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, net sales increased for the acaricide *Saffoil*, which is a green agrochemical and which the Company has focused on, but net sales decreased for insecticides *Hachi-Hachi*, *Orion*, and the acaricide *Cyflumetofen*, etc. due to the impact of new insecticides, etc. from competing agrichemical manufacturers. In addition, in the overseas agrichemical market, net sales increased as a result of a year-on-year increase in sales of the insecticide *Oncol* and the acaricide *Cyflumetofen*. As a result, net sales in the agrichemicals field increased by ¥363 million, or 4.8% year on year, to ¥7,889 million.

In the fertilizer and biostimulant field, net sales increased due to the year-on-year increase in sales of products in the domestic fertilizer market, such as the fertilizer for facility horticulture *Drip Fertigation Fertilizer*. Furthermore, in the overseas fertilizer and biostimulant market, net sales of the biostimulant *Atonik* increased year on year mainly due to the expansion of sales channels of Asahi Chemical Europe s.r.o. in various European countries. Furthermore, at Blue Wave Holding B.V. of the Netherlands, net sales increased due to the increased flower demand, mainly for personal uses. As a result, net sales in the fertilizer and biostimulant field increased by ¥1,625 million, or 20.5% year on year, to ¥9,576 million.

### (2) Information regarding financial position

Total assets as of September 30, 2021, was ¥28,501 million, a decrease of ¥347 million compared to December 31, 2020. This was mainly the result of an increase of ¥257 million in cash and deposits, a

decrease of ¥296 million in goodwill, a decrease of ¥69 million in merchandise and finished goods and a decrease of ¥212 million in notes and accounts receivable - trade.

Total liabilities was ¥19,478 million, a decrease of ¥1,737 million compared to December 31, 2020. This was mainly the result of an increase of ¥365 million in income taxes payable, a decrease of ¥152 million in notes and accounts payable - trade, a decrease of ¥774 million in short-term borrowings and a decrease of ¥1,057 million in long-term borrowings.

Net assets was ¥9,022 million, an increase of ¥1,390 million compared to December 31, 2020. This was mainly the result of the recording of ¥1,418 million in profit attributable to owners of parent, ¥216 million in payment of dividends of surplus, ¥147 million in purchase of treasury shares, and an increase of ¥272 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, 2021, we have decided to leave the earnings forecast for the fiscal year ending December 31, 2021 that we announced on August 10, 2021 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, 2020	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,736	3,993
Notes and accounts receivable - trade	5,418	5,206
Merchandise and finished goods	2,642	2,573
Work in process	355	485
Raw materials and supplies	1,475	1,457
Other	870	955
Allowance for doubtful accounts	(55)	(55)
Total current assets	14,441	14,616
Non-current assets		
Property, plant and equipment	3,623	3,516
Intangible assets		
Goodwill	6,497	6,200
Customer relation Assets	2,780	2,690
Other	394	441
Total intangible assets	9,672	9,332
Investments and other assets	1,110	1,035
Total non-current assets	14,406	13,885
Total assets	28,848	28,501
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,031	1,879
Short-term borrowings	6,558	5,784
Income taxes payable	192	557
Provision for bonuses	31	124
Provision for sales rebates	42	141
Provision for sales returns	16	16
Provision for compensation for damage	46	21
Other	1,888	1,846
Total current liabilities	10,807	10,372
Non-current liabilities		
Long-term borrowings	8,673	7,616
Retirement benefit liability	280	277
Deferred tax liabilities	938	904
Other	515	307
Total non-current liabilities	10,408	9,105
Total liabilities	21,215	19,478

(Millions of yen)

	As of December 31, 2020	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,410	2,396
Retained earnings	4,680	5,881
Treasury shares	(162)	(310)
Total shareholders' equity	7,390	8,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90	111
Foreign currency translation adjustment	(557)	(285)
Remeasurements of defined benefit plans	(41)	(37)
Total accumulated other comprehensive income	(509)	(211)
Non-controlling interests	751	804
Total net assets	7,632	9,022
Total liabilities and net assets	28,848	28,501



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

### Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	15,476	17,465
Cost of sales	8,136	9,109
Gross profit	7,339	8,356
Selling, general and administrative expenses	5,852	6,286
Operating profit	1,486	2,069
Non-operating income		
Interest income	12	8
Dividend income	8	7
Foreign exchange gains	–	70
Share of profit of entities accounted for using equity method	12	6
Insurance fee income	–	29
Other	22	26
Total non-operating income	55	150
Non-operating expenses		
Interest expenses	155	130
Commission expenses	0	0
Foreign exchange losses	41	–
Other	10	8
Total non-operating expenses	208	139
Ordinary profit	1,334	2,080
Extraordinary income		
Gain on sales of non-current assets	0	3
Gain on sales of investment securities	–	78
Total extraordinary income	0	82
Extraordinary losses		
Loss on retirement of non-current assets	2	0
Loss on sales of non-current assets	–	0
Impairment loss	12	5
Loss on liquidation of subsidiaries	8	–
Total extraordinary losses	23	6
Profit before income taxes	1,312	2,155
Income taxes - current	547	800
Income taxes for prior periods	–	20
Income taxes - deferred	(70)	(148)
Total income taxes	476	672
Profit	835	1,483
Profit attributable to non-controlling interests	68	65
Profit attributable to owners of parent	767	1,418

**Consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit	835	1,483
Other comprehensive income		
Valuation difference on available-for-sale securities	23	21
Foreign currency translation adjustment	(141)	304
Remeasurements of defined benefit plans, net of tax	27	3
Total other comprehensive income	(90)	330
Comprehensive income	744	1,813
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	690	1,716
Comprehensive income attributable to non-controlling interests	54	97

### **(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.