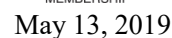


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Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending December 31, 2019
<under Japanese GAAP>

Company name: **OAT Agrio Co., Ltd.**
 Listing: Tokyo Stock Exchange
 Securities code: 4979
 URL: <http://www.oat-agrio.co.jp>
 Representative: Akihei Mori, President CEO
 Contact: Kenji Matsumoto, Director (Board Member) (responsible for HR Division, General Affairs Division, Accounting Division, Information Planning Section, Corporate Planning Section, Quality Assurance Section, and Intellectual Property and Legal Section)
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| | |
|---|--------------|
| Scheduled date to file Quarterly Securities Report: | May 15, 2019 |
| 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 three months of the fiscal year ending December 31, 2019
(from January 1, 2019 to March 31, 2019)**

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-----------------|------|------------------|--------|-----------------|--------|---|--------|
| Three months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2019 | 7,364 | 25.3 | 1,239 | (31.5) | 1,217 | (30.0) | 830 | (31.1) |
| March 31, 2018 | 5,878 | 10.7 | 1,809 | 18.5 | 1,739 | 17.4 | 1,204 | 19.2 |

| | | | |
|----------------------------|------------------------------------|----------------|-----------|
| Note: Comprehensive income | Three months ended March 31, 2019: | ¥603 million | [(45.2)%] |
| | Three months ended March 31, 2018: | ¥1,099 million | [11.4%] |

| | Basic earnings per share | Diluted earnings per share |
|--------------------|-----------------------------|-------------------------------|
| Three months ended | Yen | Yen |
| March 31, 2019 | 153.49 | — |
| March 31, 2018 | 222.61 | — |

Note: Diluted earnings per share for the three months ended March 31, 2019 is not presented because there are no potential shares.

(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 |
| March 31, 2019 | 31,970 | 7,705 | 22.3 | 1,315.91 |
| December 31, 2018 | 29,496 | 7,318 | 22.9 | 1,246.52 |

Reference: Equity As of March 31, 2019: ¥7,121 million
 As of December 31, 2018: ¥6,746 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, 2018 | — | 0.00 | — | 40.00 | 40.00 |
| Fiscal year ending December 31, 2019 | — | | | | |
| Fiscal year ending December 31, 2019 (Forecast) | | 0.00 | — | 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, 2019 (from January 1, 2019 to December 31, 2019)

(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, 2019 | 22,995 | 50.5 | 1,869 | 6.0 | 1,676 | (4.6) | 1,007 | (19.9) | 186.06 |

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

As the Company manages its operations on an annual basis, consolidated earnings forecasts for the first six months are omitted.

*** 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.: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

* For more details, please refer to the section of “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements, Change in accounting policy” on page 7 of the attached material.

(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, 2019 | 5,536,000 shares |
| As of December 31, 2018 | 5,536,000 shares |

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

| | |
|-------------------------|----------------|
| As of March 31, 2019 | 123,863 shares |
| As of December 31, 2018 | 123,817 shares |

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

| | |
|-----------------------------------|------------------|
| Three months ended March 31, 2019 | 5,412,152 shares |
| Three months ended March 31, 2018 | 5,412,282 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 three months

(1) Information regarding operating results

In the first three months of the fiscal year ending December 31, 2019, the Japanese economy showed improvements in the employment situation and a trend of recovery in consumer spending, yet the outlook for the global economy remains uncertain, particularly due to concerns regarding the intensifying trade friction between the U.S. and China, the progress of negotiations regarding bilateral agreement between Japan and U.S., and United Kingdom's decision to leave the EU.

Net sales and operating profit of OAT Agrio Group (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.

In the fiscal period under review, sales increased due to the consolidation of LIDA Plant Research, S.L. and CAPA Ecosystems, S.L.U. of Spain, and Chrysal International B.V. (Blue Wave Holding B.V.) of the Netherlands, acquired in 2018.

Although the shipment of the acaricide *Cyflumetofen* for overseas was delayed to the second quarter period, net sales increased year on year. On the other hand, operating profit decreased year on year as a result of the acquisition mentioned above leading to subsidiary related expenses, such as selling, general and administrative, and goodwill amortization being newly included into the scope of consolidation, and also because of increased R&D expenses at the Company.

As a result, in the first three months under review, net sales was ¥7,364 million, up ¥1,486 million or 25.3% year on year, operating profit was ¥1,239 million, down ¥570 million or 31.5% year on year, ordinary profit was ¥1,217 million, down ¥522 million or 30.0% year on year and profit attributable to owners of parent was ¥830 million, down ¥374 million or 31.1% 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, shipments within Japan fell due to slow domestic agrichemical market. In the overseas agrochemical market, sales of the insecticide *Oncol* for overseas sales increased year on year, but sales of the acaricide *Cyflumetofen* for overseas sales decreased year on year due to delayed shipment, resulting in a decrease in net sales. As a result, overall net sales in the agrichemicals field decreased by ¥363 million, or 7.9% year on year, to ¥4,233 million.

In the fertilizer and biostimulant field, net sales increased as a result of the acquisition of the two overseas subsidiaries mentioned above. As a result, overall net sales in the fertilizer and biostimulant field increased by ¥1,850 million, or 144.5% year on year, to ¥3,131 million.

(2) Information regarding financial position

Total assets as of March 31, 2019, was ¥31,970 million, an increase of ¥2,474 million compared to December 31, 2018. This was mainly the result of increases of ¥2,685 million in notes and accounts receivable - trade.

Total liabilities was ¥24,265 million, an increase of ¥2,087 million compared to December 31, 2018. This was mainly the result of an increase of ¥832 million in notes and accounts payable - trade and an increase of ¥810 million in long-term loans payable.

Net assets was ¥7,705 million, an increase of ¥386 million compared to December 31, 2018. This was mainly the result of an increase of ¥613 million in retained earnings.

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

The consolidated earnings forecasts for the fiscal year ending December 31, 2019, announced in "Consolidated Financial Results for the Fiscal Year Ended December 31, 2018" on February 14, 2019, have not been changed.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

| | As of December 31, 2018 | As of March 31, 2019 |
|---------------------------------------|-------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,474 | 2,460 |
| Notes and accounts receivable - trade | 5,135 | 7,820 |
| Merchandise and finished goods | 3,629 | 3,205 |
| Work in process | 552 | 689 |
| Raw materials and supplies | 1,469 | 1,472 |
| Other | 663 | 828 |
| Allowance for doubtful accounts | (65) | (40) |
| Total current assets | 13,859 | 16,436 |
| Non-current assets | | |
| Property, plant and equipment | 3,219 | 3,620 |
| Intangible assets | | |
| Goodwill | 10,616 | 10,044 |
| Other | 826 | 781 |
| Total intangible assets | 11,442 | 10,825 |
| Investments and other assets | 974 | 1,087 |
| Total non-current assets | 15,636 | 15,533 |
| Total assets | 29,496 | 31,970 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,489 | 3,322 |
| Short-term loans payable | 13,782 | 13,460 |
| Income taxes payable | 216 | 523 |
| Provision for sales returns | 15 | 16 |
| Provision for sales rebates | 38 | 103 |
| Provision for bonuses | 33 | 131 |
| Other | 1,884 | 1,933 |
| Total current liabilities | 18,461 | 19,492 |
| Non-current liabilities | | |
| Long-term loans payable | 2,860 | 3,671 |
| Net defined benefit liability | 219 | 237 |
| Deferred tax liabilities | 234 | 179 |
| Other | 402 | 684 |
| Total non-current liabilities | 3,716 | 4,773 |
| Total liabilities | 22,177 | 24,265 |

(Millions of yen)

| | As of December 31, 2018 | As of March 31, 2019 |
|---|-------------------------|----------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 461 | 461 |
| Capital surplus | 2,410 | 2,410 |
| Retained earnings | 4,277 | 4,891 |
| Treasury shares | (161) | (161) |
| Total shareholders' equity | 6,987 | 7,601 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (56) | (9) |
| Foreign currency translation adjustment | (166) | (447) |
| Remeasurements of defined benefit plans | (18) | (21) |
| Deferred gains or losses on hedges | – | (1) |
| Total accumulated other comprehensive income | (241) | (479) |
| Non-controlling interests | 572 | 583 |
| Total net assets | 7,318 | 7,705 |
| Total liabilities and net assets | 29,496 | 31,970 |

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

Consolidated statement of income (cumulative)

(Millions of yen)

| | Three months ended March 31, 2018 | Three months ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Net sales | 5,878 | 7,364 |
| Cost of sales | 3,002 | 4,019 |
| Gross profit | 2,875 | 3,345 |
| Selling, general and administrative expenses | 1,065 | 2,105 |
| Operating profit | 1,809 | 1,239 |
| Non-operating income | | |
| Interest income | 5 | 5 |
| Dividend income | 0 | 2 |
| Subsidy income | — | 8 |
| Technical support fee | — | 44 |
| Other | 2 | 11 |
| Total non-operating income | 8 | 72 |
| Non-operating expenses | | |
| Interest expenses | 7 | 82 |
| Foreign exchange losses | 70 | 12 |
| Other | 0 | 0 |
| Total non-operating expenses | 78 | 95 |
| Ordinary profit | 1,739 | 1,217 |
| 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 | 1,739 | 1,217 |
| Income taxes - current | 548 | 451 |
| Income taxes - deferred | (10) | (76) |
| Total income taxes | 537 | 374 |
| Profit | 1,201 | 842 |
| Profit (loss) attributable to non-controlling interests | (2) | 11 |
| Profit attributable to owners of parent | 1,204 | 830 |

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

| | Three months ended March 31, 2018 | Three months ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Profit | 1,201 | 842 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (7) | 46 |
| Foreign currency translation adjustment | (96) | (282) |
| Remeasurements of defined benefit plans, net of tax | 1 | (2) |
| Deferred gains or losses on hedges | – | (1) |
| Total other comprehensive income | (102) | (239) |
| Comprehensive income | 1,099 | 603 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,128 | 588 |
| Comprehensive income attributable to non-controlling interests | (28) | 14 |

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

No items to report.

Change in accounting policy

The Group's subsidiaries that apply IFRS have adopted IFRS 16 "Leases" (released January 2016) effective the first three months of the fiscal year ending December 31, 2019. With the adoption of IFRS 16, the said subsidiaries have adopted the method where the cumulative effect of applying this standard is recognized at the date of initial application, which is the approved approach for the transitional adoption period.

As the effect of the adoption of this standard, property, plant and equipment increased by ¥423 million, other under current liabilities increased by ¥137 million and other under non-current liabilities increased by ¥287 million in the consolidated balance sheet.

The impact of this change on profit and loss for the first three months of the fiscal year ending December 31, 2019 was immaterial.

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.