





**\* 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 June 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 June 30, 2021	102,344 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)

Six months ended June 30, 2021	5,418,552 shares
Six months ended June 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**

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## 1. Qualitative information regarding financial results for the first six months

### (1) Information regarding operating results

In the first six months of the fiscal year ending December 31, 2021, the Japanese economy continues to be unpredictable due to factors such as intermittent declarations of states of emergency and priority preventive measures in some regions due to the prolongation of the novel coronavirus disease (COVID-19). Furthermore, although COVID-19 vaccinations are ramping up, stagnation is expected to continue for economic activities, such as the deterioration of the employment situation, as it is not possible to forecast when COVID-19 will come to an end due to issues remaining with regard to the system for vaccinations as well as the spread of highly infectious variants, and the future of the economy remains uncertain. On the other hand, in the global economy, there were variations by country due to factors such as the spread of vaccinations and the scope of government spending to restore the economy, which could lead to a situation where differences in economic recovery from the impact of COVID-19 and delays in the recovery of some countries increase social tension. Moreover, there is latent risk of the spread of COVID-19 variants, even in countries where the normalization of economic activities is progressing. For these reasons, concerns concerning the impact on economic activity remain.

Under such business conditions, OAT Agrio Group (the “Group”) will focus on sales activities, such as proactive sales activities in countries and regions whose market superiority increased, sales of products to countries where Group companies newly registered agrichemicals and fertilizer, the roll out of products in Japan and overseas using Group companies’ networks, and proactive sales promotion activities for cultivation products for facility horticulture.

As a result, in the first six months under review, net sales was ¥12,951 million, up ¥1,429 million or 12.4% year on year, operating profit was ¥1,831 million, up ¥423 million or 30.1% year on year, ordinary profit was ¥1,895 million, up ¥597 million or 46.1% year on year and profit attributable to owners of parent was ¥1,320 million, up ¥524 million or 65.8% 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, net sales decreased as a result of a year-on-year decrease in sales of the insecticide *Hachi-Hachi*, the rice herbicides, etc. due to the impact of new insecticides, etc. from competing agrichemical manufacturers in the domestic agrichemical market. Meanwhile 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 ¥154 million, or 2.5% year on year, to ¥6,336 million.

In the fertilizer and biostimulant field, net sales increased due to the year-on-year increase in sales of products such as the biostimulant *Atonik*, the fertilizer for facility horticulture *Drip Fertigation Fertilizer* and *OK Series*. 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 ¥1,274 million, or 23.9% year on year, to ¥6,614 million.

### (2) Information regarding financial position

#### a. Position of assets, liabilities, and net assets

Total assets as of June 30, 2021, was ¥30,700 million, an increase of ¥1,851 million compared to December 31, 2020. This was mainly the result of a decrease of ¥234 million in cash and deposits, an increase of ¥2,393 million in notes and accounts receivable - trade, and decreases of ¥151 million in merchandise and finished goods and ¥67 million in goodwill.

Total liabilities was ¥21,432 million, an increase of ¥217 million compared to December 31, 2020. This was mainly the result of increases of ¥223 million in short-term borrowings and ¥786 million in notes and accounts payable - trade, and a decrease of ¥792 million in long-term borrowings.

Net assets was ¥9,267 million, an increase of ¥1,634 million compared to December 31, 2020. This was mainly the result of increases of ¥1,103 million in retained earnings and ¥395 million in foreign currency translation adjustment.

b. Cash flows

Cash and cash equivalents as of June 30, 2021, was ¥3,334 million, a decrease of ¥193 million compared to December 31, 2020.

Net cash provided by operating activities was ¥839 million (¥59 million was used in the same period of the previous fiscal year). The main sources of cash were profit before income taxes of ¥1,893 million, depreciation of ¥414 million, an increase in trade payables of ¥748 million and a decrease in inventories of ¥200 million. The main use of cash was an increase in trade receivables of ¥2,321 million.

Net cash used in investing activities was ¥90 million (¥114 million was used in the same period of the previous fiscal year). The main source of cash was proceeds from withdrawal of time deposits of ¥58 million. The main uses of cash were purchase of property, plant and equipment of ¥57 million and purchase of intangible assets of ¥84 million.

Net cash used in financing activities was ¥990 million (¥855 million was provided in the same period of the previous fiscal year). The main source of cash was an increase in short-term borrowings of ¥238 million. The main uses of cash were repayments of long-term borrowings of ¥915 million and dividends paid of ¥215 million.

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

For details of the consolidated earnings forecasts for the fiscal year ending December 31, 2021, please refer to “Notice Regarding Revisions to Earnings Forecasts and Dividends Forecasts” announced on August 10, 2021.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,736	3,501
Notes and accounts receivable - trade	5,418	7,811
Merchandise and finished goods	2,642	2,491
Work in process	355	408
Raw materials and supplies	1,475	1,443
Other	870	683
Allowance for doubtful accounts	(55)	(69)
Total current assets	14,441	16,270
Non-current assets		
Property, plant and equipment	3,623	3,534
Intangible assets		
Goodwill	6,497	6,430
Customer relation Assets	2,780	2,777
Other	394	445
Total intangible assets	9,672	9,653
Investments and other assets	1,110	1,242
Total non-current assets	14,406	14,430
Total assets	28,848	30,700
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,031	2,818
Short-term borrowings	6,558	6,782
Income taxes payable	192	515
Provision for bonuses	31	32
Provision for sales rebates	42	124
Provision for sales returns	16	17
Provision for compensation for damage	46	22
Other	1,888	1,678
Total current liabilities	10,807	11,991
Non-current liabilities		
Long-term borrowings	8,673	7,881
Retirement benefit liability	280	273
Deferred tax liabilities	938	934
Other	515	351
Total non-current liabilities	10,408	9,441
Total liabilities	21,215	21,432

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	461	461
Capital surplus	2,410	2,388
Retained earnings	4,680	5,783
Treasury shares	(162)	(133)
Total shareholders' equity	7,390	8,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90	140
Foreign currency translation adjustment	(557)	(162)
Remeasurements of defined benefit plans	(41)	(38)
Total accumulated other comprehensive income	(509)	(60)
Non-controlling interests	751	827
Total net assets	7,632	9,267
Total liabilities and net assets	28,848	30,700



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

### Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	11,522	12,951
Cost of sales	6,064	6,813
Gross profit	5,457	6,137
Selling, general and administrative expenses	4,049	4,306
Operating profit	1,408	1,831
Non-operating income		
Interest income	8	6
Dividend income	5	5
Foreign exchange gains	–	79
Insurance fee income	–	29
Other	22	34
Total non-operating income	36	154
Non-operating expenses		
Interest expenses	102	87
Commission expenses	–	0
Foreign exchange losses	34	–
Other	9	3
Total non-operating expenses	146	90
Ordinary profit	1,298	1,895
Extraordinary income		
Gain on sales of non-current assets	0	3
Total extraordinary income	0	3
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Loss on sales of non-current assets	–	0
Impairment loss	4	4
Loss on liquidation of subsidiaries	4	–
Total extraordinary losses	10	5
Profit before income taxes	1,288	1,893
Income taxes - current	454	607
Income taxes - deferred	(9)	(91)
Total income taxes	444	516
Profit	844	1,377
Profit attributable to non-controlling interests	48	57
Profit attributable to owners of parent	796	1,320

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

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	844	1,377
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	50
Foreign currency translation adjustment	(311)	428
Remeasurements of defined benefit plans, net of tax	9	3
Total other comprehensive income	(314)	481
Comprehensive income	529	1,858
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	502	1,769
Comprehensive income attributable to non-controlling interests	27	89

### (3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,288	1,893
Depreciation	422	414
Amortization of goodwill	279	299
Impairment loss	4	4
Increase (decrease) in retirement benefit liability	(11)	(8)
Increase (decrease) in provision for loss on litigation	–	(25)
Increase (decrease) in allowance for doubtful accounts	11	11
Increase (decrease) in provision for sales returns	0	0
Increase (decrease) in provision for sales rebates	99	82
Increase (decrease) in provision for bonuses	0	1
Interest and dividend income	(14)	(12)
Interest expenses	102	87
Share-based remuneration expenses	–	5
Foreign exchange losses (gains)	(1)	(9)
Insurance claim income	–	(29)
Loss (gain) on sales and retirement of non-current assets	0	(2)
Loss (gain) on liquidation of subsidiaries	4	–
Decrease (increase) in trade receivables	(1,945)	(2,321)
Decrease (increase) in inventories	578	200
Increase (decrease) in trade payables	(253)	748
Other, net	(51)	(138)
Subtotal	515	1,202
Interest and dividends received	11	14
Interest paid	(102)	(78)
Proceeds from insurance income	–	29
Income taxes paid	(397)	(303)
Compensation for damage paid	(86)	(25)
Net cash provided by (used in) operating activities	(59)	839
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	70	58
Payments into time deposits	(97)	(7)
Proceeds from sales of property, plant and equipment and intangible assets	43	2
Purchase of property, plant and equipment	(86)	(57)
Purchase of intangible assets	(41)	(84)
Other, net	(2)	(1)
Net cash provided by (used in) investing activities	(114)	(90)

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,480	238
Repayments of long-term borrowings	(401)	(915)
Proceeds from long-term borrowings	79	–
Repayments of lease obligations	(78)	(87)
Dividends paid	(216)	(215)
Dividends paid to non-controlling interests	(6)	(9)
Other, net	–	0
Net cash provided by (used in) financing activities	855	(990)
Effect of exchange rate change on cash and cash equivalents	(135)	47
Net increase (decrease) in cash and cash equivalents	546	(193)
Cash and cash equivalents at beginning of period	3,328	3,527
Cash and cash equivalents at end of period	3,875	3,334

**(4) 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.